

# THE INDEPENDENT



2.883

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The hunt for Louise

Part of an army of nearly 10,000 volunteers who joined police to hunt for the missing teenager, Louise Smith, at Sodbury Common, Chipping Sodbury, yesterday. Louise, 18, was last seen at a nightclub in Yate, near Bristol, on Christmas Eve. Police said some small finds were made but nothing of great significance. Report, page 2

Photograph: Christopher Jones

## NHS accused over mentally ill killers

### Inquiry into 39 deaths blames health policy

NICHOLAS TIMMINS  
and COLIN BROWN

An inquiry set up by the Government into 39 homicides and 24 suicides involving the mentally ill has produced fierce criticism of the National Health Service.

The report, from the Royal College of Psychiatrists, found many patients who killed or committed suicide had lost contact with the psychiatric services or were refusing to comply with treatment, sometimes because "patients were reacting against an environment or services which they found unacceptable.

"Overcrowded wards, excessive disturbance and unsuitable community facilities militated against participation in treatment," the Royal College's report concludes.

Commissioned by Stephen Dorrell, Secretary of State for Health in 1992 when he was the junior health minister, it is a serious indictment yet of Gov-

ernment mental health policy. It follows growing public concern over recent murders by mentally ill including:

■ Christopher Curran, sent to Rampton after stabbing to death Jonathan Zito at Finsbury Park tube station in 1993.

■ Ben Silcock, a schizophrenic, was seriously mauled at London Zoo after he climbed into the lion enclosure.

■ Wayne Hutchinson, convicted of manslaughter this month after killing two people and wounding three others during a six-day rampage.

■ Martin Murrell, jailed for life 10 days ago after murdering his stepfather and almost killing his mother.

Despite the inquiry's findings of unsatisfactory staffing and accommodation, some consultant psychiatrists "appear to have become inured to inadequate conditions of practice and do not complain through disillusionment," the report says.

Although most in-patient

### Out of care

units had their agreed nurse numbers, these were often insufficient for a proper therapeutic environment. "It seems unlikely that effective care can be given in acute wards with over 30 beds and with only three or four staff on duty".

It stressed that "it is unrealistic to expect every homicide or suicide is preventable" and that staff often felt that both the homicides and suicides had been totally unpredictable, but the inquiry saw instances where

#### Inside

Mentally ill murderers – the fears and facts, Bringing help home to the sufferers – page 4

loss of contact with patients and poor communication "may have contributed to a death through homicide or suicide."

In a number of the killings lack of facilities such as secure beds, had prevented action despite the patient's potential for violence being recognised.

John Bowis, the junior health minister, said ministers had acted to ensure those at risk were more closely supervised in the community. The Government was now spending more than £2.4bn on mental health services, plus an additional £30m from the new mental health challenge fund.

But he argued that the report showed that "neither homicide nor suicides involving mentally people are increasing". Dr William Boyd, the inquiry's director, said the report did not address that issue.

The inquiry found that staff often felt homicide had been totally unpredictable, with no aggression reported in 41 per



Stephen Dorrell: Ordered report

cent of the cases in the run up to the killing.

But it warns that to lock up and supervise all those who are potentially homicidal or suicidal "would require the supervision by an army of professional carers".

"It must be asked," the inquiry said, "whether the service being offered to some patients – crowded wards, unsuitable follow-up patients, overworked staff – may not play a part in leading them to distance themselves from the treatment they need."

The report comes as the British Medical Association is to demand higher security for family doctors at a meeting with Mr Dorrell on Thursday following a series of incidents in which GPs have been attacked by patients. Doctors

are to meet chief police officers to discuss the possibility of handling threatening patients in police stations rather than GP surgeries.

## Schools 'need lesson in teaching morals'

JUDITH JUDD  
Education Editor

Schools should receive national guidance on how to teach pupils the difference between right and wrong. Dr Nick Tate, the Government's chief curriculum adviser will say today.

Dr Tate is expected to tell a conference of employers, teachers, academics, politicians and trade unionists that tolerance of different values has gone too far and that pupils must be given a firm moral lead.

A recent Mori poll showed that nearly half of 15-35-year-olds did not believe there were definite rights and wrongs.

Other research shows that many trainee teachers are so worried about being accused of sexism or racism, that they are unwilling to teach any values at all.

Dr Tate is concerned that personal and social education lessons may be promoting the view that there is no such thing as right and wrong by overemphasising self-esteem. Contro-

versially, he will also ask whether such lessons can be used to boost the two-parent family.

He believes that schools need guidance about what to teach on moral matters because of the decline in religious faith which has weakened the hold of morality and because people have tried to be less judgemental about others' views.

Too many schools are neglecting religious education which is a vital part of moral education, he will argue.

Pupils are ignorant of rules such as the Ten Commandments which used to be taught to children both at school and at home.

Dr Tate blames advertising and the materialism of the consumer for young people's failure to distinguish between morality and taste.

Leading article, page 14

## Blair argues for poll on single currency

PATRICIA WYNNE DAVIES  
Political Correspondent

A Labour manifesto commitment to a referendum on a European single currency moved much closer yesterday as Tony Blair, declared there was a "very strong case" for the British people to be given the final say.

While falling just short of an absolute pledge, the Labour leader said: "I don't believe myself that a step of such enormous importance could be properly undertaken unless the people have a chance to make their

"Blair is proposing a politics for grown-ups in place of the infantilism of the Portilloes and the Livingstones" – David Marquand, page 13

views clear. I think that our position... is that there should be the political consent necessary for such a big step".

The remarks in a BBC1 Breakfast with Frost interview will spur Tory supporters of a plebiscite to step up pressure on John Major to convince Cabi-

net opponents, and principally Kenneth Clarke, the Chancellor, to rally behind a firm promise from Government.

Meanwhile, in the latest round of the battle of ideas over the remit of the "stakeholder" economy, Mr Blair re-emphasised that tackling welfare dependency and unemployment, not a return to corporatism, would be the priority of a future Labour government.

Conceding in the process that the stakeholder theme was more new "slogan" – or "change of culture" – than new policy, Mr Blair insisted that

successful firms were treating themselves as stake-holding enterprises.

"They're saying 'how do we treat employees as partners, rather than simply as factors of production,'" he said. In a counter-attack to last week's claims by Michael Heseltine, the Deputy Prime Minister, Mr Blair insisted: "Let me make it clear, I've got no intention of tying companies up in red-tape and bureaucracy and regulation."

He declared in the time-honoured phrase that, as of yesterday, he had "no plans" for a 50 per cent tax rate for the high-

New Labour needs to proceed cautiously as it puts meat on the bones of the stakeholder idea" – Glyn Davies, page 17

er paid, while for ordinary taxpayers he wanted to "try and get their tax burden down".

But speaking on the eve of today's Second Reading of the Finance Bill to implement November's Budget, Michael Jack, Financial Secretary to the Treasury, challenged

Labour over its intention to abstain on tax cuts for 26 million people. "The party of opposition has become the party of abstention," Mr Jack mocked.

Brian Mawhinney, the Tory party chairman, attacked Mr Blair's defence of the stakeholding theme as the "greatest example of inadequate memory that I've seen from a senior politician in a long time." Labour was already committed to introducing new burdens on industry such as the European Social Chapter and the minimum wage, he said.

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### IN BRIEF

New ecstasy victim  
A mother warned against taking ecstasy after the drug exposed a weakness in her son's heart and killed him. Page 3

Chechens stay defiant  
Chechen rebels holding 100 hostages were given another night to "reconsider their position" after defying all calls to give up yesterday. Page 8

### CHRIS ARNOT

A row over plans to mark the cenotaph of the birth of the mass-produced motor car is casting a shadow over a service at Coventry Cathedral this week which will be a celebration of the car.

Captains of the British motor industry, arriving on Wednesday for the controversial religious service are likely to come bumper to bumper with victims of road accident.

Road Peace, which cam-

paigned on behalf of those be-reaved and injured by the car, is planning a silent vigil outside the cathedral during the service, which they argue will turn the cathedral into a "sacrificed car showroom". The centrepiece is expected to be two cars driven down the aisle.

The group's request to lay a wreath in the ruins of the old cathedral has been turned down by the cathedral Provost, Canon John Petty, on the grounds that it would be too "political". While not wishing to impede lawful demonstrations, he has asked them to stay away from

the ruins or elsewhere in the cathedral precincts. "Nor do we feel able to provide any facilities to assist them as this would be discourteous to those we are welcoming here," he says in a letter to the organisation.

A Road Peace spokeswoman, Brigitte Chaudhry, said: "I think that is discourteous to us... Millions of people have been killed or maimed by the car in the past 100 years. Coventry Cathedral recognised that with a service for traffic victims in 1992. Now it plans to drive two cars up the aisle. I don't think it's appropriate."



## Cars drive down the aisle and into a row

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# Mother's stark warning after ecstasy death

**STEVE BOGGAN**  
Chief Reporter

The mother of a 19-year-old nightclubber yesterday warned young people against taking ecstasy after the drug exposed a weakness in her son's heart and killed him.

Josephine Bouzis wept as she described how her son, Andreas, left home on Friday night to go dancing but never returned. "Everything we have had over the last 19 years has been taken away," she said.

Mr Bouzis collapsed at Club UK in Wandsworth, south London, at 1.40am on Saturday, about 90 minutes after taking one ecstasy tablet stamped with a "bunny" logo. Medically-trained staff at the club tried in vain to revive him.

Yesterday, Detective Chief Superintendent Roger Couzens said a post-mortem examination had revealed a congenital heart defect - a constricted valve - which appeared to have been exacerbated by the drug.

One officer said last night: "It seems he could have gone on for years unaware and lived a normal life, but the drug exposed the condition."

Mrs Bouzis of Friern Barnet, north London, was joined at a press conference by her husband, Tasos, and two of their son's friends, Peter Georgiou, 19, who was with their son when he died, and George Koureas, also 19.

Mrs Bouzis said: "Andreas was our life, our family, our love, our reason to live. On Friday night he went to a club, just as your children may have done. Now he is dead, gone forever. I cannot describe our feelings. Yesterday, our son had a fu-



Family tragedy: Andreas Bouzis (above), who died after taking an ecstasy tablet. Right: His grieving parents, Josephine and Tasos, who warned young people against taking the drug



ture, he had a life ... Today he is dead. Families and their love are very precious. Ecstasy tablets destroy families."

Peter Georgiou said the pills were bought for £10 each by him, Andreas and a friend. "Due to one ecstasy tablet, costing £10, our best friend has lost his life. Anyone who goes clubbing can understand the pressure to take them but it is

just not worth it," he said. Det Ch Supt Couzens issued a photofit picture of the man who sold the drugs and said he was wearing a chunky woollen sweater and black trousers.

Asked whether a murder charge could follow, he said: "This is being treated as a suspicious death at this stage. This man was put under no pressure to take it. It was taken by him

of his own free will." He said that police had made representations to licensing magistrates in the wake of earlier raids on Club UK in which drugs were seized and arrests made. However, he would not say whether those representations included requests for the club to lose its licence.

Det Ch Supt Couzens also divulged that he and other offi-

cers making inquiries at the club on Saturday night arrested a man and charged him with being in possession of drugs with intent to supply. The two incidents are unrelated, he said.

Mr Bouzis' death came despite the campaign which followed the ecstasy death of Leah Betts, who died in November after taking a tablet at her 18th birthday party. And it coincid-

ed with the release from hospital of Helen Cousins, 19, who lapsed into a coma after taking a pill at a club in Peterborough on New Year's Eve.

Yesterday, Club UK said it had given film from security cameras to police in the hope that it would identify the dealer. Management believe Mr Bouzis took his pill while queuing up outside the club. Gerald

Franklin, a spokesman, said the club had a strenuous anti-drugs policy which included undercover security staff, body searches at the door and closed circuit television. He added: "It is so tragic that a young life has been lost and I sincerely hope that this will serve as a warning to anyone taking drugs that they should think twice about the consequences."

## Australia plans to curb use

Sydney (Reuters) - Australia is formulating a plan to crack down on the growing use of ecstasy, which has claimed five lives in the past year, with the latest death last week.

Officials said although the number of deaths was small compared to those from heroin or alcohol, there was a need for more research. "Ecstasy has been widely available since 1988 in Australia and in seven years we had no deaths at all but in the past year we have had five," said Paul Dillon, of the National Drug and Alcohol Research Centre. "All of a sudden this has happened and we need to find out why." A survey indicated 3 per cent of the population had tried ecstasy.

The most recent victim was a social worker, Jacqueline Louch, 37, who died in Adelaide after taking one tablet. But the death that drew most attention was that of a Sydney schoolgirl, Anna Wood, 15, who went into a coma in October after taking ecstasy at a party; she died two days later. Her death prompted a ban by New South Wales on dance promoters using coded images in advertisements for parties with drug availability.

Ecstasy in Australia, which sells for about 60 Australian dollar (£30) a tablet, is mainly smuggled from Amsterdam and London, with only a few backyard chemists making it.

## Thai monk admits murder of British backpacker

**STEPHEN VINES**  
Hong Kong

A 25-year-old Buddhist monk and former convict has admitted killing and robbing Johanne Masheder, the 23-year-old British woman from Cheshire who went missing in Thailand in December.

The monk, identified by the police as Yodechart Suephoo, confessed to the police yesterday after Miss Masheder's body was found in a small cave where the monks of the Khao Phrao Cave Temple usually throw away dead animals. The cave, a popular place for visitors, is in Kanchanaburi, 80 miles west of Bangkok. The town is a stopping-off point for the site of the notorious bridge over the River Kwai, where some 60,000 Allied soldiers died while being forced to build it by the Japanese.

The monk denied raping Miss Masheder, although he admitted raping another Western tourist last year. He said he had killed her by pushing her down



Yodechart Suephoo (left) says he killed Jo Masheder

Thailand, he joined a monastery following his release. Mr Yodechart is expected to be formally charged today.

Mr Yodechart told the police he was an amphetamine addict who used the money he stole from Miss Masheder to buy drugs. He has previously spent two years in jail for rape. Like many other former convicts in

a ravine. An Australian woman complained that she had been raped by a monk while visiting the cave, alerting the police.

Mr Yodechart is the son of a hotel maid who was tipped by her. It is likely that she was killed shortly afterwards when she travelled to Kanchanaburi. Her parents went to Thailand to search for her after she failed to turn up for a family Christmas reunion. Her father has identified her body.

Although there have been a few murders of tourists in Thailand, with a recent murder of a Canadian seeming to be similar to this case, the country has a good record of dealing with tourists who generally have no reason not to feel secure.

The same message came from Campaign Group MP Ken Livingstone, who pointed out the absence of a single Labour MP, trade union chief, or Labour council leader at the National Union of Mineworkers' leader's "goodbye Labour" meeting at a hotel in King's Cross, London, at the weekend.

"Just a small group of supporters and quite frankly a small group of neutrals as well in many cases," Mr Livingstone, MP for Brent East, told GMTV's Sunday programme.

"Nobody serious in the Labour Party is going to opt out..."

Mr Scargill, the sole household name at the meeting, has

already taken his own steps to ensure that the Militant group, expelled by Neil Kinnock from Labour in the 1980s, is excluded from his new organisation, thus ensuring a split in the hard-left even before his party is officially launched on 1 May.

Tony Blair, the Labour leader, conspicuously omitted to urge Mr Scargill to change his mind about tearing up his membership card in his BBC 1

## Police aid for kidnap Britons

**WILL BENNETT**

British police negotiators have travelled to Indonesia to help secure the release of four Britons captured by anti-government rebels, the Foreign Office said yesterday.

The three officers from Scotland Yard's international and organised crime branch are understood to be veterans of similar hostage situations in Cambodia and Columbia.

Daniel Start, 21, from London, Bill Oates, 22, from Edinburgh in the Scottish Borders, Anna McIvor, 21, from Bournemouth, and Annette van der Kolk, 21, from Fleet, Hampshire, were seized along with three other Europeans and 17 Indonesians by a rebel group seeking independence for the Irian Jaya province.

Nine hostages, all locals, were later released.

The Britons - all Cambridge science graduates - had been living among tribes in one of the world's remotest regions since September while they carried out research into the region's plants and animals.

## Meningitis vaccine stocks 'exhausted'

But a spokeswoman for the Department said: "There are still some essential stocks being held in reserve but we will be getting some more as soon as possible. There is not a large amount left which is why we are ordering more."

She could not say what percentage of normal stocks had been used up but agreed that supplies had been "drastically" reduced. She continued: "The new supplies are coming from abroad and we are expecting them in the next couple of days."

In Rotherham, South Yorkshire, where a teenager died from a rare strain of meningitis, 7,000 people, mostly children and teachers, have been vaccinated. Doctors say they are confident they have reduced the risk of another community outbreak.

Christopher Vernon, 17, a pupil at Wales High School, Rotherham, died on Friday and another pupil from the school, Amy Woodward, 14, is recovering after falling into a menin-

gits-induced coma. Two girls from Retford, have also contracted the disease. They contracted the rare C-strain of the disease, which can be passed on by intimate contact such as kissing.

Health officials believe that the outbreak of meningitis in the Retford and Rotherham areas could be linked to a Christmas roller-skating party. Nigel Clifton, chief executive of North Nottinghamshire Health Authority, said: "The roller-skating party links some of the young people in the Retford and Rotherham areas and it may have been one of the ways in which this outbreak occurred."

Gerry Woodman, Amy's father, said that she went to several parties over the Christmas and New Year period and had probably contracted meningitis at one of them.

He added: "Amy did not go to the roller-skating party, but a lot of the people who did come to our house over Christmas and went to the parties."

## Left-wing MPs ignore Scargill party's rallying cry

**PATRICIA WYNNE DAVIES**  
Political Correspondent

Arthur Scargill's breakaway Socialist Labour Party will turn out to have been still-born, MPs on the Labour left predicted yesterday. Not a single member of the socialist Campaign Group of Labour MPs is even vaguely interested, Alan Simpson, the group's secretary, said.

"Arthur would have been

better advised to go for the England job; that's a job that's going, that no one wants," Mr Simpson, MP for Nottingham South, said. "There is no interest on the left of the party."

The same message came from Campaign Group MP Ken Livingstone, who pointed out the absence of a single Labour MP, trade union chief, or Labour council leader at the National Union of Mineworkers'

leader's "goodbye Labour" meeting at a hotel in King's Cross, London, at the weekend.

"Just a small group of supporters and quite frankly a small group of neutrals as well in many cases," Mr Livingstone, MP for Brent East, told GMTV's Sunday programme.

"Nobody serious in the Labour Party is going to opt out..."

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already taken his own steps to ensure that the Militant group, expelled by Neil Kinnock from Labour in the 1980s, is excluded from his new organisation, thus ensuring a split in the hard-left even before his party is officially launched on 1 May.

Tony Blair, the Labour leader, conspicuously omitted to urge Mr Scargill to change his mind about tearing up his membership card in his BBC 1

Breakfast with Frost interview yesterday, invoking the defection as proof that the party had changed, and that "new" Labour in opposition would stay new Labour in government. Mr Scargill declared in an earlier interview that Labour had managed to destroy socialism in the party in a way that even Margaret Thatcher had failed to do, and had embraced "the devil" of capitalism.

But Mr Scargill's prescriptions for the way forward for the left show just how far the mood of the left has changed since the heyday of Britain's best-known class warrior. He said: "There is no right-left division in the party over the desire to have a Labour government. The whole party is clear that in order to change the policies of the country, we have to change the government of the country."

Left-wing MPs vowed to fight their corner from within the party. Mick Clapham, the NUM sponsored left-of-centre MP for Barnsley West and Penistone and a one-time close colleague of the union president, said it was a tragedy that Mr Scargill was not staying to fight the cause. He added: "The Labour Party is the dominant political force and it is the place where socialists should be."

Arthur Scargill: has taken steps to exclude Militant

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## 4 news



Homicides involving psychotics remain constant despite public fears about big cuts in the number of NHS beds and a series of chilling murders, while a pioneering scheme is helping patients in their home environment

# Murders by mentally ill 'show no increase'

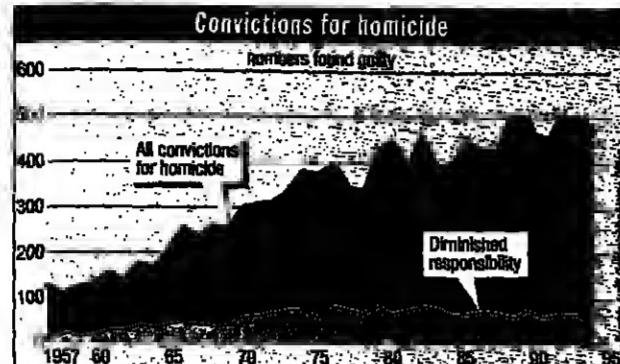
NICHOLAS TIMMINS  
Public Policy Editor

Christopher Clunis, John Rous, Paul Gordon, Alan Boland, Stephen Laudat are just some of the names of the mentally ill who have killed in recent years. Ten days ago those of Wayne Hutchinson, a paranoid schizophrenic who killed two people and seriously wounded three others, and of Martin Mursell, who knifed his stepfather to death and almost killed his mother, were added to them.

But despite the catalogue of recent inquiries into homicides by the mentally ill it is far from clear whether the policy of care in the community has increased the number of homicides, or even the risk to the public.

According to the Audit Commission's report on mental health services, "in the last two decades of the community care policy, the number of homicides committed by mentally ill people has not increased, while the number committed by others has more than doubled".

Its conclusion is based on Home Office statistics which



record all murder convictions and those for "section 2 manslaughter" – where the charge is reduced due to diminished responsibility.

Because of the high clear-up rate for murder, the Home Office believes the figures are a fair representation of trends. After rising from 1957 when the plea first became available, numbers have remained broadly constant since the early 1970s as the run down in long-stay beds has accelerated, fluctuating between 60 and something over 100 a year. In the most recent years numbers have declined.

Dr Geoff Searle, a consultant in Bournemouth who is also a spokesman for the Royal College, suspects greater publicity has heightened the sense that the risk now is higher.

"In the past, some of these homicides will have been of one patient by another in long-stay hospitals. When I was at Tooting Bec in south-west London, one long-stay patient murdered another ... but it did not receive much publicity."

But even when there were more long-stay beds, murders still occurred outside hospital.

"The vast majority of the mentally ill have always been cared for outside hospital. Even if we locked up everyone who suffers from psychosis, these things would still happen because we don't know everyone who suffers from psychotic illness."

Most schizophrenics he argues, are withdrawn, frightened individuals who are at far greater risk of suicide than of violence towards others. "You are far more likely to be killed by lightning than by a wandering lunatic – but we don't go round with lightning conductors bolted to our heads."

Christopher Clunis: sent to Rampton after stabbing to death Jonathan Zito at Finsbury Park Tube station, north London, in 1993.

Ben Silcock: a schizophrenic who was seriously mauled by a male lion after he climbed into the lions' enclosure at London Zoo.

Wayne Hutchinson: convicted of manslaughter earlier this month after killing two people and wounding three others during a six-day rampage.

Martin Mursell: jailed for life earlier this month after murdering his stepfather and attacking his mother, almost killing her.



Night medication: A patient is given pills on Bewick Ward at Newcastle General Hospital. Photograph: Glynn Griffiths

## NOTICE TO HALIFAX INVESTORS

	UK RATES		NON-RESIDENT RATES		NON-PERSONAL RATES	
	GROSS P.A. %	NET P.A. %	GROSS P.A. %	NET P.A. %	GROSS P.A. %	NET P.A. %
<b>SPECIAL RESERVE BOND*</b>	6.30	-	5.15	-	-	-
HALIFAX TESSA 2* Standard rate	5.90	-	5.90	-	-	-
Matured TESSA*	5.90	-	4.43	-	5.90	-
<b>BONUS GOLD*</b> (including bonus)						
£100,000+	6.05	-	4.54	-	5.90	-
£50,000+	5.80	-	4.35	-	5.65	-
£25,000+	5.55	-	4.16	-	5.40	-
£10,000+	5.30	-	3.98	-	5.15	-
Monthly Income Option (including bonus)						
£100,000+	5.90	6.05	4.43	4.51	5.76	5.90
£50,000+	5.66	5.80	4.25	4.32	5.52	5.65
£25,000+	5.43	5.55	4.07	4.14	5.28	5.40
£10,000+	5.19	5.30	3.89	3.96	5.04	5.15
<b>SOLID GOLD*</b>						
£50,000+	5.20	-	3.90	-	5.05	-
£25,000+	4.95	-	3.71	-	4.80	-
£10,000+	4.45	-	3.34	-	4.30	-
£5,000+	3.70	-	2.78	-	3.55	-
Monthly Income Option						
£50,000+	5.08	5.20	3.81	3.88	4.94	5.05
£25,000+	4.84	4.95	3.63	3.69	4.70	4.80
£10,000+	4.36	4.45	3.27	3.32	4.22	4.30
£5,000+	3.64	3.70	2.70	2.76	3.49	3.54
<b>LIQUID GOLD*</b>						
£25,000+	4.15	-	3.11	-	4.00	-
£10,000+	3.75	-	2.81	-	3.60	-
£5,000+	3.25	-	2.44	-	3.10	-
£2,500+	3.10	-	2.33	-	2.95	-
£500+	2.85	-	2.14	-	2.70	-
<b>ASSET RESERVE CHEQUE ACCOUNT</b>						
£50,000+	5.25	5.35	3.94	4.00	5.25	5.35
£25,000+	4.95	5.04	3.71	3.77	4.95	5.04
£10,000+	4.60	4.68	3.43	3.49	4.60	4.68
£5,000+	3.90	3.96	2.93	2.96	3.90	3.96
<b>YOUNG SAVERS‡</b>						
MAXIM	3.40	3.43	2.55	2.57	3.40	3.43
£2,000+	1.25	1.26	0.94	0.94	-	-
£500+	0.65	0.65	0.49	0.49	-	-
<b>CARDCASH</b>						
£50+	0.65	0.65	0.49	0.49	-	-
<b>MATURED FUNDS ACCOUNT*</b>						
£10,000+	4.00	-	3.00	-	4.00	-
£5,000+	3.40	-	2.55	-	3.40	-
Medium Income						
£10,000+	3.93	-	2.95	-	3.93	-
£5,000+	3.35	-	2.51	-	3.35	-
<b>TREASURER'S ACCOUNT*</b>						
£2,500+	4.85	-	3.64	-	4.85	-
£500+	4.30	-	3.23	-	4.30	-
£1+	1.35	-	1.11	-	1.35	1.01
<b>CLOSED ISSUES</b>						
TESSA Gold*	6.40	-	-	-	6.40	-
Including maturity bonus	6.52	-	-	-	6.52	-
Halifax TESSA*	5.90	-	-	-	5.90	-
Including maturity bonus	6.70	-	-	-	6.70	-
Paid-Up Share	1.00	1.00	0.75	0.75	1.00	1.00
Deposit £500+	2.50	2.52	1.88	1.89	2.50	2.52
£5+	1.00	1.00	0.75	0.75	1.00	1.00
Instant Xtra	3.35	-	2.51	-	3.35	-
£10,000+	2.85	-	2.14	-	2.85	-
£2,000+	2.60	-	1.95	-	2.60	-
£500+	2.10	-	1.58	-	2.10	-
Monthly Savings £500+	2.50	2.52	1.88	1.89	2.50	2.52
£1+	1.10	1.10	0.83	0.83	1.10	1.10
? Day Xtra £200+	1.95	1.96	1.46	1.47	1.95	1.96
£500+	1.00	1.00	0.75	0.75	1.00	1.00
28 Day Xtra £500+	1.75	1.76	1.31	1.31	1.75	1.76
£50+	1.00	1.00	0.75	0.75	1.00	1.00
Special Investment Account (1st Issue)	3.00	3.02	2.25	2.26	3.00	3.02
Special Investment Account (2nd Issue)	2.50	2.52	1.88	1.89	2.50	2.52
5 Year Term Share	3.00	3.02	2.25	2.26	3.00	3.02
Subscription Share	2.50	2.52	1.88	1.89	2.50	2.52
Matured Subscription Share	2.50	2.52	1.88	1.89	2.50	2.52

### CHANGES TO RATES

Halifax Building Society announces new rates for certain investors and banking customers from 16th January 1996.

Please note that there is no change to the rates for TESSA Gold, Halifax TESSA and Halifax TESSA 2.

**CLOSED ISSUES.** If your account is a closed issue (one which is no longer available to new customers) you may close it without losing any interest if you transfer the money into any Halifax account. This does not apply to TESSA Gold and Halifax TESSA.

The rates shown apply to both the deposit and share account versions of these products.

**POINTS TO NOTE.** Interest will be paid net after basic rate income tax (currently 25%) has been deducted unless you have completed a registration form or made a declaration to comply with Inland Revenue regulations. The net rates shown, which are only examples and have been rounded, assume basic rate income tax has been taken off. All interest rates quoted may change. Special rates of interest on certain accounts paid to investors and banking customers who appear in our records as being under 21 or have Student Maxim. If your account balance is less than £50 you will not receive any interest unless you appear in our records as being under 21 (or, if your account is a Maxim account, you appear in our records as being under 21 or a student). Compounded annual rates (C.A.R.) apply when full interest remains in your account. The non-resident rates of interest are payable to individuals who are not ordinarily resident in the UK and who complete an appropriate declaration form. Bonus Gold and Solid Gold non-personal accounts (such as accounts held by clubs, charities and trusts) are no longer available to new customers. Full account conditions and details of when interest is paid, and how to qualify for the TESSA Gold, Halifax TESSA, Halifax TESSA 2 and Bonus Gold bonuses, are available from any branch.

### CHANGES TO HALIFAX TESSA 2

From 25th January 1996, the following change to the 'special conditions' of Halifax TESSA 2 accounts will take place. The maturity bonus payable on the amount in the account at the end of the five year term (apart from any interest or bonuses that have been added) will be changed from a variable 2.5% to a fixed 2.5%.

## Sufferers are given a new sense of purpose

James is small, dark, and decidedly twitchy. He cannot sit still to chat but must keep his hands busy: emptying plant pots, refilling them, rearranging fragile cuttings, and all the while maintaining rapid bursts of conversation.

Now in his early thirties, James has lived in Newcastle since his teens, but the soft, melodic accent of the west of Ireland is still strong. He is very bright and can be charming, but is aggressive and defensive by turns as he holds forth on the public's perception of Care in the Community.

People seem to think you have less value to society because you have schizophrenia – some psychiatrists even. Keep

# Pair face ruin over mortgage dispute

STEVE BOGGAN

Chief Reporter

A couple who made legal history by successfully suing Lloyds bank over bad mortgage advice are back in court tomorrow to defend a counter claim which could bankrupt them.

Despite being awarded £77,500 against the bank last September, Julia Verity and Richard Spindler will end up as losers if the four-day hearing goes against them.

The couple sprang to prominence when Judge Robert Taylor, sitting at the High Court in Leeds, found that their bank manager had been negligent in lending them money to renovate a house in Henley-on-Thames in 1988. They intended to sell the house at a profit but ended up losing thousands when the housing market crashed.

"We hoped that would be the end of it, but the bank seems determined to see us bankrupted," Mr Spindler, 36, said yesterday.

The latest hearing relates to an alleged debt which the couple argue should have been wiped out with last September's judgment but which the bank regards as separate.

Mr Spindler, an acupuncturist, and Mrs Verity, a 55-year-old teacher, each had a house in Henley and were advised to take out a third mortgage to renovate the property at the centre of the dispute.

In 1990, when the couple realised their finances were going seriously awry, Mr Spindler sold his property in Henley for £90,000. At the time, he had an outstanding mortgage of £30,000 and Mrs Verity owed

£60,000 on her home. They assumed that the proceeds would be assigned to those debts but the bank assigned them to the third mortgage instead.

"That means that the bank regards our original mortgages - plus interest - as unpaid," said Mr Spindler. "But if they had used that money to clear our mortgages - as we had wished - then with the court's decision that the third loan was negligent, we wouldn't owe anything."

"Instead of that, they are now coming after us for those mortgages which we wanted clearing in 1990. We won the case in September, but Lloyds have found a way of coming back at us, wanting two bites at the cherry."

If the case goes against Mr Spindler and Mrs Verity and the amount awarded to the bank is greater than the £77,500 awarded to them last September, they could be left to pay the £160,000 and the bank's legal costs, which they estimate at up to £40,000.

"That would finish us and, after seven years of battling against the bank, we would finally be forced into bankruptcy," said Mrs Verity. "It seems very unfair that we won and yet could still end up as losers."

When their last case ended, Mr Spindler and Mrs Verity announced that they were separating because of their age difference and Mr Spindler's desire to start a family. Yesterday, the couple were still together at Mrs Verity's home but they remain resigned to an amicable separation.

"We're seeing it through together until the end," said Mrs Verity.



Loan trouble: Richard Spindler and Julia Verity won their first court fight with Lloyds but may lose their second

## Pools fans bet on the Internet

DANNY PENMAN

Football fans around the world can now use the Internet to play the pools. Zetters, the smallest of the three British football pools companies, has launched a site on the World Wide Web to try and outmanoeuvre the National Lottery.

Fans can play the game from anywhere in the world using little more than a computer, modem, and a credit card. Punters play by filling in an electronic form, which also contains their credit card details, and then sending it via the World Wide Web to the host computer in Jersey. If they win they are told the following week by e-mail.

The system also allows punters to place standing bets for up to 999 weeks. Many gamblers using the system are placing standing bets initially for one year. Zetters is now receiving hundreds of bets per week through the new system. Jamie Easterman, who helped develop the betting system, said he envisages transactions through the Internet becoming the com-

pany's main source of revenue. Security fears about the Internet have cramped its development as a commercial arena. Those worries are now fading as practically unbreakable encryption systems come into widespread use. The Zetters system relies on the same encryption system used by Netscape - the main programme used to browse the World Wide Web - to transmit information over the Internet. The system allows people to send scrambled information over the Internet which is readable only to the intended recipient.

Mr Easterman said that security fears have been greatly overplayed. "If you compare walking into a restaurant and handing over your credit card details with this system then there's just no comparison. This is far more secure," he said.

Zetters hopes to capitalise on the global gambling market rather than trying to grab market share from its British rivals. Americans and Hong Kong citizens have shown the most foreign interest so far.

### DAILY POEM

#### Sir Launcelot du Lake

By Jean MacVean

This son of my body  
this Haut Prince  
is demure as a dove

God make you good  
I prayed  
whose beauty dims  
all mortal men

He came before me  
demure as a dove

and a virgin  
on a white horse  
wept  
at my downfelling

who had till then  
been deemed  
the best knight  
of the world

Jean MacVean was born in Bradford, West Yorkshire, and was educated at Bradford Girls Grammar School and the College d'Hubert at Versailles in France. She was one of the few female officers working for the Ministry of Information during the war and subsequently worked for MI6. A novel, *The Intermediaries*, was published by Gollancz (1972) and three poetry collections have since appeared, this poem taken from the most recent, *The True and Holy History of the Sangreal*, a cycle of Arthurian poems after Sir Thomas Malory, published by Agenda Editions at £4.50 (5 Cranbourne Court, Albert Bridge Road, London SW11 4PE).

## Schools rush for assisted places

JUDITH JUDD

Education Editor

Private schools have rushed to apply for more assisted places in response to the Prime Minister's promise to boost the scheme. They have put in bids for about 7,000 state-funded places for bright pupils from this September.

The first 5,000 extra assisted places will be on offer to fulfil John Major's pledge to double the 30,000 place scheme over the next six years. He announced the plan at last year's Conservative Party conference to emphasise the difference between the Tories and the Labour Party over private education. Labour has said it will phase out the scheme, which costs more than £100m a year, and use the money to decrease class sizes for the youngest primary school children.

A Department for Education and Employment spokesman said: "We are delighted. We have a large number of applications from independent

schools. We shall be making an announcement shortly about which schools will be included."

Friday was the deadline for applications. Some private school heads had suggested that not enough schools would come forward for the scheme, which is means-tested, because the Government no longer allows for the full cost of independent school fees.

There were also fears that there would not be enough space in schools which currently offer assisted places.

Ministers decided that some assisted places should be offered to children from the age of five. At present, only those 11 and over are eligible. Some of the schools which have applied will be disappointed. All will be vetted to see whether their academic record meets government standards.

Critics say some independent schools would close were it not for the assisted places scheme. The closure rate of private schools halved after the scheme was introduced in 1980.

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## news

# Prostitute's murder trial 'based on faulty DNA'

**HEATHER MILLS**  
Home Affairs Correspondent

Police have re-opened the investigation into the murder of Lynette White, the prostitute hacked to death seven years ago on St Valentine's day, a case which led to one of Britain's most serious miscarriages of justice.

Three years after three men were cleared by the Court of Appeal of her murder, South Wales police are investigating claims that at least two original suspects may have been wrongfully eliminated from inquiries because of inadequate DNA and blood-group testing.

Yesterday South Wales police said officers had met with forensic scientists to re-evaluate the scientific evidence in the case. Concerns had been raised by Alun Michael, Labour's Home Affairs spokesman, and Salish Sekar, who has been researching the case.

Ms White, 20, was killed in her "punters' room", above a betting shop in Butetown, Cardiff. She was stabbed more than 50 times; her left breast was almost severed and her throat was slit to the spine. Blood had been spattered everywhere.

Within days South Wales Police had details of their prime suspect, a white man seen in blood-stained clothing in a distressed state outside her flat.



Ms White: hacked to death above betting shop

ter the murder. A photofit was issued and Detective Chief Superintendent John Williams said in March 1988: "This man almost certainly had the blood of the deceased on him."

But 10 months later, five black men were charged with murder, largely on the evidence of two prostitute friends of Ms White, one of whom had named a succession of different people in 18 statements to police. There was also a so-called confession by one of the five, Stephen Miller. He had a mental age of 11, and his "confession" was obtained only after 300 denials during five days of interviews.

After one of the longest murder trials in Britain, lasting 197 days, three of the five, Miller, Tony Park and Yusel Abdulahi, were convicted.

Supporters mounted a campaign and two years later the Court of Appeal cleared the three, after the judges ruled Miller's "confession" had been obtained in a "travesty of an interview".

Mr Sekar has since discovered that the blood groups of two earlier suspects, both white and one with a conviction for child rape and a client of Ms White, were almost identical to the rare grouping found in the dead woman's flat. Both were eliminated by DNA profiling which has since been called into question. It is understood the samples will be re-tested.

Mr Sekar, who has researched the case for a book, *Fitted In* said yesterday: "I am not accusing either of the two men. I am saying that their elimination from the inquiries can no longer be relied upon. It is tragic that it has taken six years for anyone to notice that the original DNA testing was unreliable."

In a statement, South Wales police said: "We are acutely aware of advances in forensic science". They added they were evaluating "a number of crimes over the past year, including the murder of Lynette White".

**Scots access:** Cries of 'betrayal' over Magnus Magnusson's Concordat



Caledonia, stern and wild: The right to roam in Scotland is seen as enshrining tolerance on all sides

Photograph: David Rose

## Right to roam in the hills and glens

**STEPHEN GOODWIN**

Magnus Magnusson, the thinking person's quizmaster, has brokered a deal to allow walkers to roam the Scottish hills without upsetting the proprietorial interests of the lairds. But even as Mr Magnusson launches his "Concordat on Access" this week in his role as founding chairman of Scottish National Heritage (SNH), there is a suspicion that landowners have gone along with his consensus approach in the hope of staving off the right to roam promised by Labour.

Outdoor groups will sign up to the Magnusson document - which enshrines tolerance by both sides - because in the

words of the Ramblers' Association's Dave Morris, "It's the only show in town".

But as Mr Magnusson basks in the plaudits of such traditional adversaries as the Scottish Landowners' Federation and the Ramblers' Association, offstage there are mutterings of "betrayal" and "weakness" over a proposal to scale down SNH's work elsewhere. A study report slipped out just before Christmas suggests that to meet its statutory conservation duties, SNH could drop discretionary spending on things such as footpath schemes, country parks and ranger services.

SNH insists the narrower remit is only an option, with the final decision up to ministers.

But as it struggles to meet not just the cost of new European directives but a swingeing 10 per cent cut in its budget to £36m for 1996-97 some scaling down seems inevitable. The principal recommendation of the study, carried out by Scottish Office officials, Mr Magnusson and his chief executive, Roger Crofts, is that SNH should be given new objectives by the end of March.

Mr Magnusson's term as SNH's first chairman ends that month, however it is likely Scottish secretary Michael Forsyth will offer him a second stint in the £53,000-a-year post.

The 66-year-old broadcaster regards it as "the best job in Scotland". But critics have accused him of bowing to minis-

ters and to landowners who resent interference in how they manage their estates. Dropping SNH's landscape and access work would be regarded as the final straw.

Labour MP Sam Galbraith,

once an enthusiastic supporter of SNH, said it would be a "betrayal" of the organisation's founding principles. He believes it may be necessary to undo the 1992 merger of the nature conservancy council and the countryside commission.

At £25.9m, spending on his year is almost double the £13.3m for countryside enjoyment and education. This year SNH is having to spend £3.3m introducing the European Birds and Habitats Directives.

The study emphasises that if SNH did not carry out conservation tasks, no-one would. "In contrast, some of the 'country-side' functions such as promoting public access and enjoyment ... are not the sole province of SNH," it says. Local authorities, the sports council, and tourist offices, are also involved.

"While SNH's work is valuable, much similar work, albeit at a reduced level, would continue if it disengaged."

SNH's establishment followed a fierce backlash by landowners after the conservation body acted against the planting of conifers and the commission argued for national parks in areas like the Cairngorms and Loch Lomond.

## Why the temp is in huge demand

**CLARE GARNER**

The demand for temporary staff has reached its highest level since records began and looks set to continue rising, according to Britain's biggest employment agency.

Reed Personnel Services announced yesterday that employers are relying more heavily than ever on temporary rather than permanent staff. Figures for the last three months of 1995 reveal that the demand is 22 per cent higher than in the 1989 boom time peak and double that of the first quarter of 1992.

"There is a danger that we will get another gap between the 'haves' and 'have-nots' based not on money but on whether or not you have a permanent job," said Alec Reed, founder and executive chairman of Reed Personnel Services, which has 200 branches in the UK.

Mr Reed fears that the growing number of one-stop workers - whose spells of work tend to be a "year here and a year there, rather than a week here and a week there as in the past" - are being short-changed. He is calling for provisions to be made to ensure that they receive benefits and support similar to those automatically provided to permanent staff.

"Training, sick pay, holiday pay and access to credit, such as mortgages and credit cards, all need to be available," he said. "Only in this way can the effectiveness and the high quality of the flexible workforce, which is so important to the success of the UK economy, be maintained. If we don't treat temps with respect it could blow up in our faces."

He predicted that the temp's status would soon improve. "I think they will become far more respected over the next 12 months. Temporary work was a new, harsh market which companies rushed into in times of recession. Now companies are realising that temps are a valuable tool in running a business."

Demand for temporary staff has risen 25 per cent year-on-year, a 1 per cent increase on the previous quarter's year-on-year percentage increase, according to the Reed Temporary Index.

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# Warnings of jail riots follow plans to cut jobs

**HEATHER MILLS**  
Home Affairs Correspondent

Ministers are set on a collision course with prison staff over plans to axe 3,000 jobs. Coming at a time when jails are already bursting at the seams with record numbers of inmates – expected to top 54,000 by April – many inside the Prison Service are now warning of riot and unrest as conditions deteriorate.

The scale of the job losses sparked an immediate political furore, with the opposition claiming that Michael Howard, the Home Secretary, was embarking on a "suicide mission".

Alan Beith, home affairs spokesman for the Liberal Democrats, said it was ludicrous to have fewer staff controlling more and more prisoners. Jack Straw, Labour's home affairs spokesman, said: "Mr Howard promised a 5,000 increase in police officers. Now we know they will be paid for by the loss of prison officers. It is an absurd way to go and will only add to the crisis in the Prison Service."

Existing staff shortages are already being blamed for the squalid and inhumane conditions at Holloway Women's Prison, in north London, which prompted the unprecedented walkout by inspectors last month. And in other jails inmates are being locked

in their cells for longer periods and denied access to education, welfare and work programmes.

But the reduction in prison activities has only saved a small part of the £65m in cuts demanded by the Treasury this year.

Prison governors are expected to be given details of their reduced budgets today, and guidance on how to implement cuts which will total 13 per cent over the next three years.

Prison officers and governors aged over 55 will be the first to be offered redundancy, with pensions boosted by payoffs of between £5,000 and £10,000.

Yesterday Richard Tilt, the acting director general of the Prison Service, admitted that although the losses would cause some difficulty, the service would cope. "Our first priority is to maintain control and good order within our prisons," he said.

But prison staff warned of the effect of cuts on a service where morale is already low because of privatisation and the upheaval caused by last year's two embarrassing escapes from Whitemoor, Cambridgeshire, and Parkhurst, on the Isle of Wight.

Ben Coffman, spokesman for the Prison Officers Association, said: "The loss of the most experienced staff will decimate the Prison Service and seriously threaten control in many es-

tablissements. The role of prison officers will be reduced to that of turnkey and rehabilitation will be forgotten."

The proposed cuts will seriously threaten the service's ability to implement many of the 127 recommendations in the Learmont inquiry into security after the Parkhurst escape.

They also call into question whether the 134 prisons would be able to cope with the influx of extra inmates who will inevitably follow Mr Howard's proposals to end remissions and impose heavier minimum sentences. Reform groups have estimated the plans, to be published in a White Paper in the spring, would boost the prison population by up to 20,000.



Across the gap: Britain's oldest wrought iron and concrete bridge at Hornersfield, Suffolk, has reopened after a six-month restoration costing £100,000. The bridge, which lies between Bungay and Harleston, was built in 1870.

Photograph: Keith Whitmore

**Delicate:** The high brown fritillary is reduced to 51 sites

## Butterfly flutters towards survival

**NICHOLAS SCHOON**  
Environment Correspondent

Britain's most endangered butterfly, the high brown fritillary, has fallen in number by more than 90 per cent over the past 40 years, surveys show.

Before the Second World War, the black, white and golden butterfly was a common woodland species, but today there are only 51 small sites where it is known to survive in the UK, although it remains common in southern Europe. Its strongholds here are Dartmoor, Exmoor, Herefordshire and the southern edge of the Lake District.

Like several other much-reduced butterfly species (five have become extinct in Britain over the past two centuries) it flourished in traditionally managed woods. Every few years a large part of the wood would be cut for coppice poles, creating sheltered areas where the fritillary caterpillars could bask in the sun after they hatched in March, and where they fed on the leaves of violets. But coppicing has been largely abandoned, leaving woodland too shady and cool for the larvae.

The high brown fritillary also needs bracken to cling to, but not so much that the violets are swamped. The right balance is maintained by cattle and Dart-



moor ponies which trample the growth in their search for grass. Today, however, the plant is often controlled with weedkiller.

The fritillary is one of 116 endangered or fast-declining British plant and animal species covered by rescue plans drawn up by a Government steering group, which proposes that the butterfly should return by 2005 to 10 of the sites from which it has recently disappeared.

The wildlife group Butterfly Conservation is finalising a UK action plan for the species which forms the basis for the steering group's proposals, costed at £21,000 a year. Private landowners, the group says, need to be informed on the needs of the species. If they receive one of the Government grants for woodland and countryside improvement, then that should be conditional on their using butterfly-friendly management methods to allow the species to re-establish itself.

The fritillary may appear to be a delicate, fussy insect, but little more than half a century ago it was well able to co-exist with humankind: it is we who have changed, not the butterfly.

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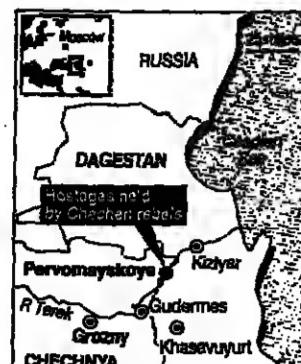
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# international

**Hostage drama:** Russian troops tighten stranglehold around village before all-out strike

## Chechens defy call to surrender



PHIL REEVES  
Pervomayskoye

Chechen rebels holding more than 100 hostages in a border village were given another night to "reconsider their position", after defying calls to give up yesterday.

As President Boris Yeltsin sent two of his top security officials to Daghestan in an effort to end the five-day confrontation between the Russian army and the rebels at the village of Pervomayskoye, a matter of yards from the border with Chechnya, the Interior Ministry announced that a brief breathing-space had been agreed by local officials in their talks with the Muslim fighters. However, rebel snipers fired on the Russian forces surrounding them, wounding up to four, according to Russian officials. They insisted that their troops did not fire back.

General Mikhail Barsukov, head of the Federal Security Service (FSB) and the Interior Minister, Anatole Kulikov, took charge of the Russian attempts to negotiate after the Chechens failed to respond to a Kremlin ultimatum to hand over their captives and surrender by 10am yesterday.

The Chechen leader, Salman Raduyev, 28, ignored Russian threats that their troops would be ordered to attack the village, where the rebels have been cornered since Wednesday.

As the deadline approached, the formidable array of forces surrounding the farming hamlet was strengthened still further with the arrival of about 300 Ministry of Interior special troops, accompanied by a group of snipers with high-powered ri-



Voice for freedom: A Chechen woman at a Russian checkpoint outside Pervomayskoye pleads for the hostages' release

Photograph: AP

fles slung over their shoulders. But when it passed with no end to the deadlock, the Russians withdrew the men, generally scaled down their military activity and softened their tone, despite earlier comments making clear that they were no longer willing to strike a deal in which the rebels walked free.

Alexander Mikhailov, an FSB spokesman who earlier this week had called for the "annihilation of the bandits", struck a more conciliatory note here yesterday, saying that every effort ought to be made to resolve the crisis without any unnecessary loss of life.

The stand-off began six days ago as the Chechen fighters were retreating from north Daghestan, where they had taken over a hospital in Kizlyar and

seized 2,000 hostages, in an effort to force the Russians to withdraw their troops from Chechnya.

They sought refuge in Pervomayskoye after being fired on by Russian helicopters as they crossed the Chechen border, an act which they saw as a breach of an agreement that they would have safe passage back to their break-away republic.

As the Kremlin seeks to extract itself from the politically damaging crisis, at times it has engaged in military posturing of operative proportions.

On Saturday night the Russians fired clusters of high-altitude flares above the village, which floated down through the clouds, filling the heavens with a sickly, apricot-coloured glow.

Small red, green and orange flares occasionally arched low over the fields, illuminating the dark silhouette of the Russian war machine and the distant peasant smallholdings which Mr Raduyev and his men had made their lair.

In Sovetskoye, the nearest village, the few Daghestani men who have not left gathered in a knot at the Russian roadblock on the lane leading to Pervomayskoye, watched by scowling Russian soldiers.

Some of the onlookers perched on bales, straining for a view of what might have been Guy Fawkes night, were its purpose not so grim and potentially bloody.

Meanwhile, overhead day and night there is the constant drone of Mi-24 helicopter gunships, which swoop so low that you half expect their rocket-packed bellies to catch on the powerlines.

This operation is all about pressure. The Russian commanders hope that if the nocturnal flares and flashes do not disorientate and distract the rebels, who are well used to Russian military tactics, then they will at least unsettle the hostages and make them intensify pressure on the captors for their release.

The weaponry assembled here has as much to do with intimidation as it has with battle requirements. There are T-72 tanks with 120mm guns, BMT armoured vehicles, Spetsnaz special forces and commandos from the anti-terrorist forces squad. Much of this army is con-

stantly on the move, prowling menacingly around the fields.

The Russians also appear to have started disseminating black propaganda. The FSB, a spin-off from the dismantled KGB, yesterday sought to persuade the international press corps that the Russians had heard women in the village screaming at night.

Another report, again circulated by the FSB, said that Russian military intelligence had intercepted a radio conversation in which the Chechen leader, Dzhokhar Dudayev, was heard to tell Mr Raduyev that he should be willing to let his women hostages die.

Although it seems increasingly inevitable, the battle has yet to begin. But the publicity war is well under way.

## DAGESTAN DAYS

### Women bring out the lamb in macho man

Sovetskoye — While the world waits on tenterhooks to see if the Russian army will annihilate a rebel-held hamlet in Daghestan, another village, two miles down the road, has already been destroyed without anyone raising so much as a whisper.

When the international press

corps moved into Sovetskoye

(population 1,200), it wasn't

such a bad place: it wasn't

Monte Carlo but it was a

pictureque enough Muslim farm-

ing community, a sprawl of

stone houses and barns clus-

tered around a scruffy little

mosque a few hundred yards

from the Chechen border. It

provided an excellent view of

the Russian tanks, especially if

you stood on a haystack.

Moreover, the local Avar

people made wonderful hosts.

They were completely unwor-

ried by the arrival of an army of

correspondents who came tear-

ing in with flashy computer

equipment, elaborate foul-

weather wear, endless demands

and hefty appetites.

You couldn't plod more than

10 yards along its lanes without

being accosted by a *babushka*,

ushering you to the hearth side

for potato-and-lamb stew, hot

unleavened bread and cups of

sugary tea. Before long, half the

village had journalists sleeping

in their homes — a hotel is

about as unlikely a proposition

here as Disneyland — and yet

they refused offers of money.

But on Friday the place fell

apart. Fearful that Sovetskoye

would be caught in the battle

brewing at its edge between the

Russians and the Chechen

rebels, local officials ordered the

evacuation of the village's

women and children. In a com-

munity where women's libera-

tion and better-fed than their

European counterparts. If

things go on much longer here

there will be two battles: the first

between the Chechens and the

Russians, the second between the

Avars and their wives, who

will not be pleased by what they

find on their return.

Phil Reeves

## War crimes judge will inspect Bosnian 'mass grave'

CHRISTOPHER BELLAMY  
Defence Correspondent  
EMMA DALY  
Sarajevo

Judge Richard Goldstone, head of the International War Crimes tribunal on former Yugoslavia, is due to visit Bosnia this month, following reports of the existence of a huge mass grave in a mine in the north-west.

His arrival may help to reveal the scale of war crimes in

Bosnia, which is still shrouded in mystery. Nato has said it will not intervene. "Investigating mass graves is not part of my job. Establishing an environment in which others can do their job is part of my job," Admiral Leighton Smith, commander of Nato's peace implementation force (I-For), said yesterday.

"Nato is not mandated to go into an area where there may or may not be graves", said

Colonel James Ellery, director of public information for I-For. "When the relevant authorities — the war crimes tribunal — decide the time is right to go in, they will do that. If they need assistance from I-For to get there, they will request it." Nato said it had not received requests from the war crimes tribunal, or other organisations, to help escort investigators.

The UN, which controls an international civilian police force, may conduct preliminary investigations into allegations of mass graves, an official said, but would go no further. Antonio Padua, the UN co-ordinator, said the exhumation of graves would require forensic expertise available only to the tribunal.

"I would separate [human rights] from mass graves, serious violations of international law under the Geneva convention — that is up to the tribunal and the ICRC [International Committee of the Red Cross]."

Without hindrance from Serb soldiers but found little to confirm allegations. Although British Nato troops responsible for the area where the alleged mass grave may have been passing information to the representative of the war crimes tribunal, they had received no request for help yesterday, Col Ellery said.

Reporters were able to visit

the open-cast mine at Ljubija

without hindrance from Serb soldiers but found little to confirm allegations. Although British Nato troops responsible for the area where the alleged mass grave may have been

passing information to the representative of the war crimes tribunal, they had received no request for help yesterday, Col Ellery said.

"We just don't have the manpower," said Col Ellery. "The manpower is sufficient for the

allocated tasks". These include supervising the withdrawal of the former warring sides from a "zone of separation" either side of the boundary between the two "entities" in Bosnia.

Given the scale of "ethnic cleansing" in northern and eastern Bosnia, many of the allegations are probably true. But proof will only come when the tribunal experts come in and dig. The same is true for three alleged mass graves near Srebrenica, the Muslim enclave that fell to Serb forces in July.

More than 2,000 people from Srebrenica are still missing, six months after the enclave fell to the Bosnian Serbs. The US has spy satellite photos of several sites near Srebrenica suspected of housing the remains of those missing. Serb police guard the area, and journalists attempting to visit one suspected grave were arrested and held for several hours by Serb forces last week.

## Portuguese left bathes in glory after poll rains

ELIZABETH NASH  
Lisbon

Portugal's Conservatives had rather rainwear than their opponents — waterproof capes sporting the name of their presidential candidate, António Cavaco Silva. But the Socialist, Jorge Sampaio, was the one expected to end up home and dry. First projections at the close of polls gave Mr Sampaio 54-59 per cent of votes, ahead of Mr Cavaco with a predicted 41-43 per cent.

Both candidates campaigned under the orange-and-green colours of the national flag.

Mr Cavaco dwelt on his experience as prime minister during 10 years of Conservative government, which ended last year with the Socialists' election victory. But Mr Sampaio pointed out that he had a democratic record dating back more than 30 years to his fight against the Salazar dictatorship, when Mr Cavaco, 56, was studying economics at York University.

The Cavaco camp resorted finally to a crude anti-Communist "Down with communism" shout at the closing rally in a Lisbon opera house, the city's former mayor offered "renewal and stability" and promised to humanise links between people and political power.

rather than those of their party, for the non-partisan post. One for All", more accurately caught the popular mood than those of Mr Cavaco: "In the name of Portugal" and "Mega President".

Mr Sampaio's conciliatory personality seemed likely to overcome fears whipped up by Conservatives about the concentration of power in the hands of the left. At Mr Sampaio's closing rally in a Lisbon opera house, the city's former mayor offered "renewal and stability" and promised to humanise links between people and political power.

The case has brought to light the fact that no Commission official has ever been charged under criminal law for fraud. Immunity from prosecution, which is granted to all staff to enable them to operate freely, means Belgian criminal prosecutors cannot become involved unless the Commission lifts immunity. Until this case, the Commission never deemed it necessary.

The accusations follow the unprecedented arrest last week by Belgian police of two Commission tourism officials. This resulted from the first ever decision by the Commission to lift the immunity from prosecution of two suspect officials. George Tzavellas, a Greek, and Pascal Chatillon, a Frenchman, are now locked in Brussels' Fort jail, following a demand from the King's Prosecution Office of the Belgian Justice Ministry for the Commission to

allow the Belgian authorities to act. Mr Tzavellas' wife was also arrested, on charges of operating a front company in Greece.

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Belgian sources close to the tourism inquiry, which dates from 1990, criticise the Commission's reluctance to act earlier over the tourism scam, in which bribes were allegedly paid and kickbacks taken. Mr Tzavellas' nickname in the tourism trade was "Mr Ten-per-cent".

Mr McMillan-Scott, formerly responsible for parliamentary oversight of tourism policy, says he first presented evidence of corruption within the Com-

mission to the Commission's tourism unit in 1990 to David Williamson, the secretary general of the Commission. But the two prime suspects were not suspended until July 1994. Even then, the Commission did not lift immunity from prosecution. "I would not say it was a cover-up but, in this case the Commission certainly tried to put up a smoke screen," said Mr McMillan-Scott.

The European Union has recently been badly buffeted by a report of the Court of Auditors, its financial watchdog, which revealed that £2bn of the 70bn Ecu EU budget was unaccounted for in 1994. The Commission argues that the "missing millions" were misused in member states, not in Brussels. However, the Belgian charges cannot be so easily dismissed.

Although Belgian investigators have not produced evidence of other Commission fraud, they say that "information received" gives them "strong reason to believe" this week's arrests are the tip of the iceberg. They are particularly concerned about fraud in the big spending departments dealing with agriculture and aid. They scoff at Commission claims that there is no evidence of corruption elsewhere in the organisation,

and that the Tzavellas-Chatillon case is a "one off". Granting immunity from prosecution to staff means the truth about Commission fraud cannot be established, Belgian sources say.

Prix Knauf, head of the Commission's newly strengthened internal anti-fraud unit, Ucraf, defends the ability of his 130-man team to uncover any malpractice by Commission officials, saying his men are better equipped to establish the facts than the Belgian police.

The Court of Auditors reports annually on spending misuse. Jacques Santer, the Commission President, made fighting fraud a priority when he took over a year ago.

The EU bureaucracy does not take kindly to accusations of corruption from the Belgian police, and says the Belgians ought to examine corruption in their own state machinery.

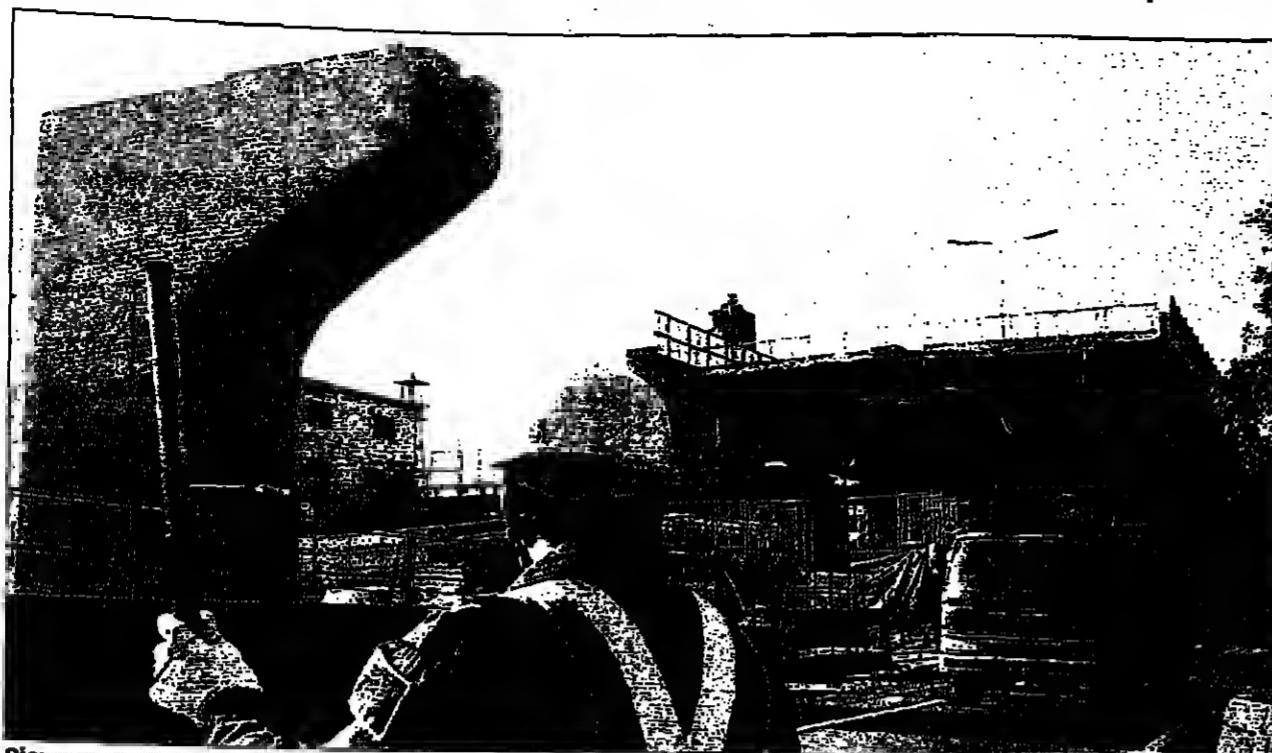
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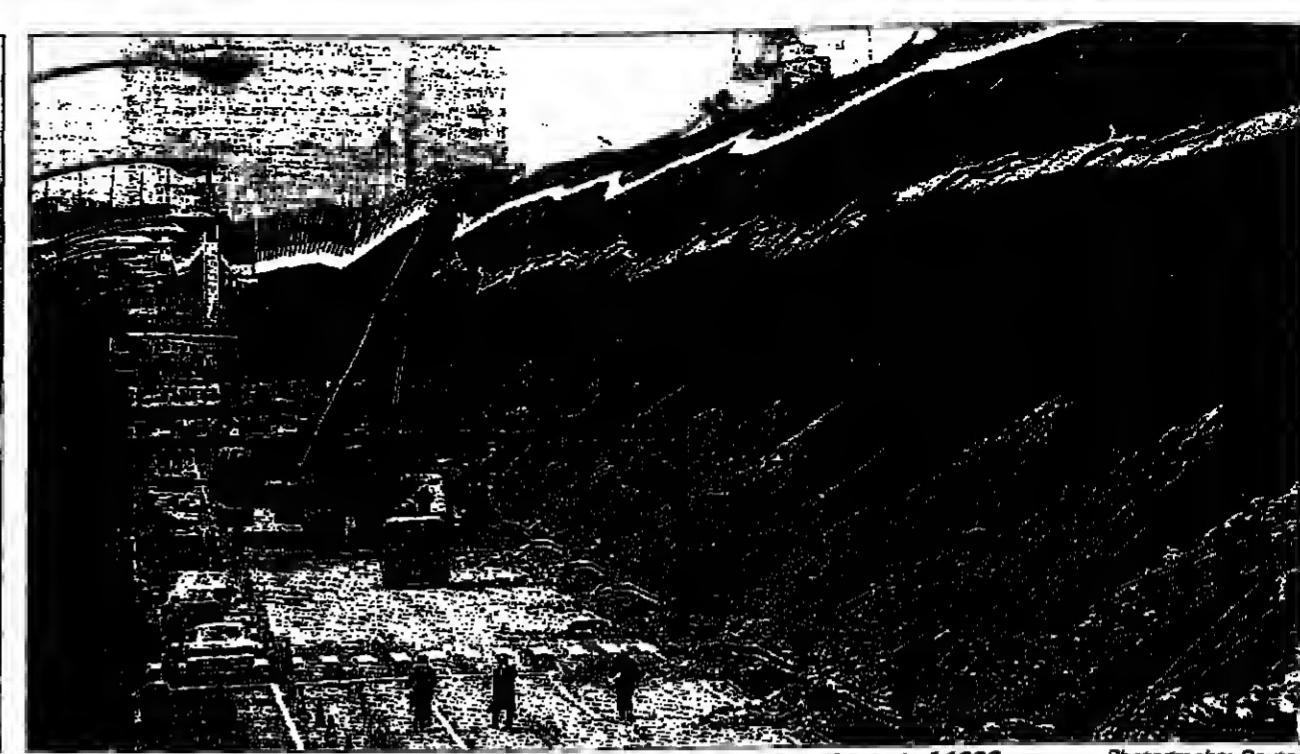
Capital Trust Account

*JY Kins ISD*

One year after the Kobe disaster: A report predicts up to 60,000 dead and £2,100bn damage if Tokyo suffers the same fate



Slow recovery: A security guard guides traffic under the Hanshin expressway, collapsed by the Kobe earthquake of 17 January last year (right). Reconstruction work is expected to finish before the end of 1996



Photographs: Reuter

## Tokyo faces 'catastrophic' earthquake loss

RICHARD LLOYD PARRY  
Tokyo

One year after the Kobe earthquake which killed 6,300 people, Tokyo faces an even greater disaster which could leave 60,000 dead and cause "staggering" economic losses, according to a new study.

The report, by Stanford University of California and an insurance research company, Risk Management Solutions, predicts what it calls "the largest

catastrophic loss (in economic terms) in history" whose knock-on effects could shake the international markets, and raise interest rates around the world.

The research team considered the effects on the Tokyo area of a repeat of the great Kanto earthquake which killed 143,000 and razed two thirds of the city in 1923. It concluded that shaking and fires caused by the 7.9 magnitude quake would kill between 30,000 and 60,000 people, and seriously injure

80,000 to 100,000 others. Economic losses could reach \$3,300bn (£2,100bn). "The potential total economic loss is staggering ... 44-70 per cent of Japan's gross domestic product in 1994," the report concludes.

Sismically, 1995 was an alarming year, not just for Japan, but for the whole western Pacific Rim. In May, a town on the island of Sakhalin, in the Russian Far East, was destroyed by an intense, localised earthquake. Seismic activity through-

out the Japanese archipelago has been unusually high, with tsunami (tidal wave) warnings issued after submarine quakes off the northern island of Hokkaido, as well as the Amami Islands in the far south.

On the precise scale and timing of a future Tokyo earthquake, there is little consensus, and the impossibility of accurate earthquake prediction in Kobe proved deadly. A 1972 study had predicted a tremor of magnitude 7, but the city authorities

chose to believe other reports, and made emergency plans on the basis of a quake of maximum magnitude five. In the event, last January's disaster was 7.2; the inadequacy of the emergency response cost lives.

The report underlines the fact that, twelve months after Kobe, Japan's worst natural disaster since 1923, little has been achieved to diminish the impact of future catastrophes.

Some scientists argue that the

Kanto earthquake, which has

struck at roughly 70 year intervals for the past 300 years, is not inevitable, but all agree that Tokyo, one of the world's most densely populated areas lies virtually on top of one of Japan's most seismically active zones. A plan is being studied, with the approval of Prime Minister Ryutaro Hashimoto, to relocate the national government to a more stable city in the first quarter of the 21st century.

In the meantime, the process of reinforcing the city's build-

ings and roads is painfully slow. In Tokyo the concrete supports for the overhead expressways, which collapsed so spectacularly in Kobe, number 7,200. Two thousand are set to be reinforced, but the city authorities cannot say how many, if any, have so far been completed.

Even given an agreed earthquake magnitude, variables make the task of calculating casualties almost impossible. Compared to the Stanford University report, the Tokyo City

Government predicts fatalities of just 9,400. The National Land Agency, on the other hand, cites a maximum figure of 350,000 killed or injured.

"If the Kobe quake happened during peak hours in Tokyo, one million would die, and all we could do is watch our houses burn," Professor Takanishi Igarashi of Tokyo's Hosei University said. "There's only one lesson from Kobe, and that is that the government can do nothing."

## The Palestinians believe the Oslo accord is just an extended truce'

Hebron — "The Palestinians only have islands of authority over the West Bank," says Khalid Amayreh, an Islamic writer and commentator in Hebron, as he criticises Yasser Arafat, the PLO chairman for mismanaging negotiations with Israel.

"We will remain subordinate to the Israelis," he adds. "In their hearts the Palestinians believe the Oslo agreement is just an extended truce."

Cynicism about the first ever Palestinian general election, to be held on 20 January, is greatest in Hebron, the capital of the southern West Bank. Here there has been no Israeli military withdrawal. Troops protecting 400 Israeli settlers in the heart of the city will simply pull back to their barracks on election day.

Local candidates admit that the mood in Hebron is bad. Ali al-Kawasmi, standing for Fatah, the political organisation of Mr Arafat, says: "I think that only 60 per cent will vote in the election, but if the Israelis truly go, then it would be 100 per cent."

In the villages outside Hebron, however, there are real signs of a transfer of power. In al-Fawwar, refugee camp housing 7,000 people five miles west of Hebron, we asked a local teacher called Hashem al-Til what benefits people in the camp had gained from Israeli redeployment. "We don't see

PLO election cynicism runs rife in the West Bank, writes Patrick Cockburn

they are getting from the present phase of the Oslo agreement, because the opposition, Islamic and secular, is not taking part. The two main secular opposition parties have put up a joint poster in Hebron which reads: "This election will split the people and split Palestine."

In the villages outside Hebron, however, there are real signs of a transfer of power. In al-Fawwar, refugee camp housing 7,000 people five miles west of Hebron, we asked a local teacher called Hashem al-Til what benefits people in the camp had gained from Israeli redeployment. "We don't see



Arafat: 'Mishandled talks'

the Palestinian Authority is taking over the rural hinterland of the West Bank, where 68 per cent of the total population live. To sceptics like Mr Amayreh this means little. "I asked a candidate from Fatah what they would do if the Israelis raided Doura, and the answer was 'Nothing'. Arafat's bombastic rhetoric declaring liberal arts does not mean anything."

The parties boycotting the election point to the half-built bypass road cutting a swathe through Palestinian vineyards beside the road to Jerusalem.

The weakness of the opposition is that it ignores the intense relief among most Palestinians in the West Bank at the departure of Israeli troops in December.

There is a genuine feeling that 28 years of occupation are ending. Secondly, Hamas and the secular opposition have never produced an alternative policy to Mr Arafat's, but criticise him for not getting more concessions from Israel in the negotiations since Oslo.

Astension by opposition parties and lack of clear programmes means that candidates spend their time trying to persuade leaders of clans and extended families to vote for them.

Patten tells HK to stand up to China

STEPHEN VINES  
Hong Kong

Chris Patten, the Governor of Hong Kong, has urged the people of the colony to spend the last year and a half of British rule standing up for themselves, making their views known to the incoming Chinese administration.

He also made it clear that he thought that only hypocrites were criticising his administration for standing up to China.

Mr Patten was speaking yesterday during one of his regular radio broadcasts, which he uses to lay out aspects of government policy and thinking. This is by far his most outspoken broadcast, basically telling Hong Kong people that they have only themselves to blame if they remain silent about their fears.

"This is the time," he said, "if ever there was one, for speaking up and saying what one wants to happen."

He directly challenged suggestions by Chinese officials that he in particular, and the people in general, should be keeping their heads down for the next 500 days or so, describing this as a "extraordinary suggestion".

Mr Patten's remarks follow hard on the heels of an equally blunt message by the Foreign Secretary, Malcolm Rifkind, who visited Hong Kong last week, in part to tell its people that they could no longer rely on Britain to look after their interests, as there were aspects of policy now in Chinese hands which were beyond Britain's control.

The Governor pointedly told legislators, business leaders and members of "China's rather narrow circle of advisers in Hong Kong" that if they did not speak up, "no one else will do it for us".

He said that the people who believed in a policy of silence "have themselves the option of departing [from Hong Kong] with another passport to a company or to assets domiciled abroad if things don't work out here".

I find it hard to understand their argument that it's fine to want the option of living in a free society oneself, but somehow wrong to stand up for everyone's right to go on living in a free society in Hong Kong.

The tenor of the Governor's remarks make it clear that he has no intention of spending the twilight months of British rule in the background, as has been urged on him by nervous business leaders.

This view is also held by some influential officials in the Foreign Office who believe Mr Patten is damaging both Hong Kong and British interests.

## DUNFERMLINE BUILDING SOCIETY

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£50,000 - £99,999	6.30%	4.73%
£25,000 - £49,999	6.00%	4.50%
£10,000 - £24,999	5.55%	4.16%

Premium Shares	GROSS RATES	NET RATES*
£100,000+	5.40%	4.05%
£50,000 - £99,999	5.20%	3.90%
£25,000 - £49,999	4.80%	3.60%
£10,000 - £24,999	4.25%	3.19%
£5,000 - £ 9,999	3.90%	2.93%
£25 - £ 4,999	3.40%	2.55%

Dunfermline Gold	GROSS RATES	NET RATES*
£25,000+	4.00%	3.00%
£25,000 - £24,999	3.75%	2.81%
£25,000 - £ 9,999	3.50%	2.63%
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## international

**Lavatory love-in:** Taiwanese couple tie the knot at their own convenience



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Simon Kwong: Reuter

## George Burns takes a centenary bow

TIM CORNWELL  
Los Angeles

"I can't die," George Burns would say. "I'm booked." Older than the Model-T Ford, the comedian played off death and ageing like a stooge.

"I've been around for 1,000 years," he remarked in 1991, when he was only 95. "So I walk out on the stage and everybody stands up saying: 'How do you like that - he walks?'

The man who entered vaudeville at eight in a boy's singing group called the Pee-wee Quartet, and with his wife Gracie Allen moved from stage success to become a US comic institution in the early days of radio and television, is 100 on Saturday. For years Burns, who won an Oscar at the age of 80, has defied old age, and planned a series of centenary events. But after a decline in health after a



Burns: Older than a Model-T

fall 18 months ago, he will celebrate quietly at home, his manager said. He cancelled a birthday show at Caesar's Palace in Las Vegas, a five-day run booked out two years ago. Earlier he had called off a

centenary appearance at the London Palladium. "The Brits wouldn't give me a three year deal," he joked. Los Angeles Mayor Richard Riordan has named 20 January George Burns Day in honour of a "national treasure".

He will probably appear, but not perform, at one birthday party in Beverly Hills to honour his million-dollar donations to the local Cedars-Sinai Hospital, where two streets nearby are named for Burns and Allen. The couple made their radio debut in Britain in 1930, engaged by the BBC to do five short spots as they toured British vaudeville stages. But Gracie concluded that the British "took us too seriously", and they never achieved the level of celebrity they enjoyed in the US, where their show ran on radio from 1932 to their last television appearance in 1958.

When his wife died of cancer aged 58, after nearly 40 years of what he called a 24-hour marriage on and off the stage, his visits to her crypts to talk

aloud about work and their two children became legendary. But his solo career made an extraordinary recovery with "The Sunshine Boys" in 1974, when he played an ageing vaudeville comedian coming out of retirement for a last show opposite Walter Matthau. It won him the Academy Award for best supporting actor, and he followed by playing God four years later with John Denver in the film "Oh God!" Around the time of a television special in 1993 to celebrate his eight decades in show business, though he sang "I wish I was 18 again", Burns began to worry about forgetting his lines.

In cancelling his birthday appearances he seemed to show the deference that marked his career. "No matter how funny you think the joke is," he once said. "If they don't laugh, take it out."

### IN BRIEF

#### Sheikh warned

Manama — Sheikh Abdul-Amir al-Jamri, a Shia Muslim cleric, was summoned with seven other men by Bahrain's Interior Ministry and warned to stop using mosques to incite unrest and violence in the small Gulf state. Decrying it was behind recent violence, he said he wanted a peaceful restoration of Bahrain's parliament, dissolved 20 years ago. Reuter

#### Attack on editor

Algiers — Just after writing a stinging editorial against Islamists, Nouredine Guitoune, owner, manager and editor-in-chief of *L'Indépendant*, was attacked by gunmen as he left his office. Khaled Aboukacem, the newspaper's archivist, was killed, but Mr Guitoune, 47, played dead until the gunmen left. He was rushed to hospital with wounds in the shoulder and abdomen. AP

#### Nuclear cargo

Seoul — At ship carrying equipment for two nuclear power plants to replace North Korea's suspect nuclear programme left with stores to be used mainly for site surveys. It was the first Western-made gear to be shipped to the Communist North since a 1994 nuclear deal in which Washington promised to build the reactors at an estimated cost of \$4.5bn. (£2.9bn) AP

#### Bush regrets

Washington — Former US President George Bush says he underestimated Iraqi leader President Saddam Hussein's political staying power after the Persian Gulf War and regrets that the allies didn't do more to undercut Saddam's authority in an interview with David Frost to broadcast nationally. He still believes President Saddam will be overthrown by his own people

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we will print a list of all the participating Mimotel hotels with a brief description of each. To qualify for your 2 For 1 break, you must collect FOUR differently numbered tokens from the seven we are printing, and attach them to a voucher which we will print in Saturday's edition of *The Independent* with details on how to book. Today in the *Independent* on Sunday we printed Token 1, today we print Token 2.

We have pictured the All-Nan-Ros Hotel in Fort William. This country house hotel has magnificent views over the loch to the mountains and the restaurant specialises in local fresh produce. A double room for one night costs £75.

We will feature another hotel tomorrow in *The Independent* and give you a third token.

Pictured is All-Nan-Ros Hotel, Fort William

For queries call 01255 292000 or Charnhouse Promotions on 0115 247740.

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7. No bookings will be accepted for Bank Holidays.
8. All bookings must be made no more than six weeks in advance of your proposed date of arrival.
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## Media mogul adds 'good cheer' to US elections

RUPERT CORNWELL  
Washington

For that strange breed which seeks the Presidency of the United States, no flattery is more sincere than frontal attack by your opponents, no music sweeter than the sound of your policies being savaged by your rivals. At least you are making an impact.

Which is why, from the weekend Republican candidates' debate in Iowa, signalling the last lap before the state's caucuses on 12 February, the news was not a policy announcement or a scintillating soundbite. Rather it was the sight of the rest of the gang piling in on a slightly stiff, softly spoken man with a famous name and bulging bank account who had never fought an election campaign in his life.

Four weeks before the first crucial hurdle of the 1996 campaign, an indisputably dreary contest stands exactly as it did 12 months earlier - except for one thing: the remarkable ascent of Steve Forbes, heir to the Forbes magazine empire, trustee of Princeton University, and unabashed political novice.

A bare four months ago, the announcement of his candidacy seemed a footnote to a contest already set in stone. Today, Mr Forbes is the closest challenger to Senator Bob Dole; a distant second to be sure, ahead of double digits, but ahead of more fancied runners like Phil Gramm, Lamar Alexander and Pat Buchanan, thanks to a saturation advertising campaign in every early primary state, targeted primarily at Mr Dole.

Escrching the usual system of seeking private and corporate contributions and matching funds from the government, Mr Forbes has already spent \$10m (£6.5m) out of his own pocket, and is prepared to lash out \$25m more. "Steve Forbes's idea of a fundraiser is taking his wife out to dinner and signing the bill," remarked Mr Dole the other day as he was forced to launch his own TV campaign to counter the Forbes onslaught.

But jibes about buying the White House do not hide the uncomfortable fact that for his money Steve Forbes has obtained second-place poll showings in Iowa and New Hampshire, and a tie with Mr Dole in Arizona, where the first western primary is held on 27 February. Like it or not, he has become a possibly decisive factor in the race, not because he has a chance of winning but because he has prevented anyone else, and most notably Mr Forbes.

The fact remains, however, that in one form or another, a flat tax has been embraced by wide swathes of the Republican party to Congress, and by at least two of his fellow debaters.

"The power to tax is the power to destroy," is the Forbes mantra. "Scrap the tax code, kill it, drive a stake through its heart." Thus it is that the rather mousy 48-year-old scion of Malcolm Forbes, the publisher,

party-thower and lifelong

proof that money does buy

happiness, has become for my

riad voters in Iowa and elsewhere simply "the flat-tax guy", achieving a fame, however transient, that his flamboyant father would have killed for.

But there is more to Steve Forbes, the poliothan than the flat tax. In a field ostensibly short of good cheer, he projects it by the cartload. Mr Dole comes across as a curmudgeon, Mr Buchanan as a brawler, and Phil Gramm simply lacks the milk of human kindness. Mr Forbes may not be quite as rich as Ross Perot but he is a far more winning character than the last businessman to seek the White House, with none of the Perot paranoia and false modesty. Mr Forbes's diffidence, indeed, is part of his charm.

He also embodies a distinct strand of Republicanism, the party's so-called "Wall Street wing", often overlooked in an era seemingly dominated by family values and the religious right, yet a force nonetheless. Steve Forbes articulates its credo perfectly: Just cut taxes, and you will unleash the entrepreneurial American spirit, send growth soaring and send interest rates tumbling. As for that minor irritation of the federal deficit, never high anyway on the Forbes list of priorities, it will simply take care of itself. Ultimately, he insists, everyone will benefit.

And who can resist a tax cut - not the measly \$500-a-child credit sought by Congressional Republicans, but a rip-roaring full-out flat tax? Cloud cuckoo land, complain its critics. But Mr Forbes is the campaign's happy supply-sider, filling the gap left by Jack Kemp, the former Bush Cabinet member and "bleeding heart conservative" par excellence, who opted 12 months ago to sit out the 1996 race.

In his less effervescent style, Steve Forbes is cut from similar cloth. He is an internationalist and a radical, for whom devolution means handing powers not to the states, but to the individual. He is a tolerant man who skirts the explosive issue of abortion. Only on immigration has he espoused the harsh line of the party's right.

In private, even Steve Forbes knows he cannot win: the majority of Republicans are unlikely to trust their vote to a man they had never heard of until last September. But that should not spoil the fun. "Steve's having the time of his life," said a friend. And all that criticism? Well, Mr Forbes said with a grin after the Iowa debate, "It just proves I'm getting traction."



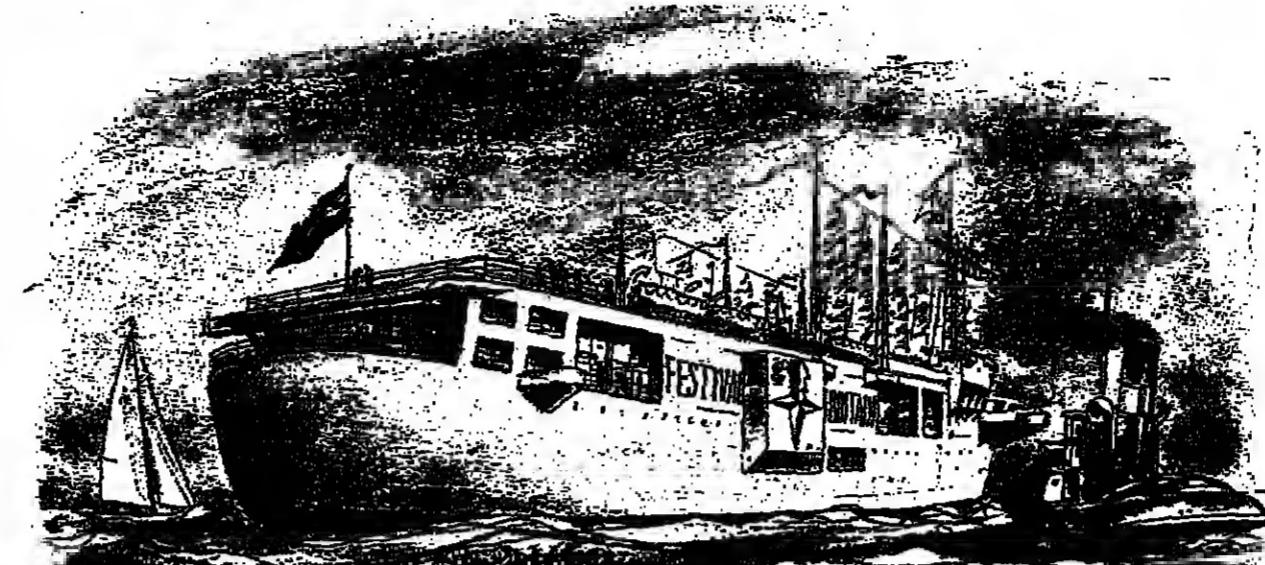
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## obituaries/gazette

# James Holland



Ink-and-wash drawing by Holland of HMS Campania, the exhibition ship of the Festival of Britain. Holland was chief designer of the 20 ports from Southampton and Dundee to Birkenhead and Glasgow between May and October 1951.

In the spring of 1948, less than three years after the end of the Second World War, with the euphoria of victory over and national morale at a low ebb, rationing still continuing and a critical shortage of building materials, five of the most experienced exhibition architects and designers in Britain started to plan the 1951 Festival of Britain. With James Holland were Sir Hugh Casson, Sir Misha Black, Ralph Tubbs and James Gardner.

Apart from the South Bank exhibitions, a huge funfair in Battersea Gardens and a series of regional events were proposed. It was, in the words of the Ministry of Works, which had studied the ambitious plans and visited a site still buried beneath its wartime debris, "quite simply impossible".

Ignoring this and backed by Herbert Morrison, who was its champion and provider, the festival was agreed and dubbed "A tonic for the Nation". The team began to assemble the largest group of designers the country has ever seen and not only took on the "impossible" task but each personally designed a section of the site. To his delight Holland drew "Sea and Ships" out of the hat (with Sir Basil Spence as architect and

Laurie Lee as scriptwriter – if a meeting started late, Lee would play his violin) and to Holland's further delight everyone agreed he should have the design of the escort carrier *Campania* to be a floating exhibition hall touring Britain.

Holland always said that his reward was not his OBE but seeing the crowds on the opening day. The public, who were accustomed to demob suits and Utility furniture, had experienced nothing like it and were thrilled. It was a signpost for the future and, above all, the first real fun on offer since the victory celebrations and street parties. So advanced for its day was the design work that this genre of architecture and furniture design lasted right through the Sixties and had a major influence on building design in Britain into the Seventies.

I first met this quiet self-effacing man when I applied for a post on his design team at the festival office and, as with all of those who worked with him, he remained a firm friend; true to his conscience, his painting the sea, the French life-style. It would be difficult to overestimate Holland's contribution in those years.

James Holland was born in

Gillingham, Kent, the son of a naval blacksmith at Chatham. At his father's insistence he was sent to grammar school but to a school of mathematics and studied navigation; his ship drawings earned him the President's Prize of the Royal Drawing School and a painting scholarship to Rochester School of Art, where he later returned

as a Governor. He went on to the Royal College of Art painting school in 1924, where amongst others he met and worked with Henry Moore and Edward Bawden and studied under Paul Nash.

Of his contemporaries, the Canadian painter James Boswell was notable. They became lifetime friends and the

two students made a number of painting trips to France on a shoestring budget. Holland held the first of many exhibitions while he was still at the college and he recalled the RCA sketch club gave him an invaluable opportunity to meet many of the leading painters, including Wilson Steer, Duncan Grant and Vanessa Bell.

On graduating, Holland joined Foots Cone & Bedding, working on advertising accounts such as Shell, and was commissioned by Jack Beddington with John Betjeman to write copy. He worked with Misha Black on the 1937 Peace Pavilion in Paris and by the time he met and married Diana John in 1937 he was a member of the

London Group and the New England Art Club and had established himself as a freelance illustrator of some stature.

Also about this time Holland, with Boswell and James Fitton, started the Artists International Association, pacifist organisation of artists. In 1940 he was offered a post at the Ministry of Information in the exhibition design department; here he worked with Misha Black, Milner Gray and James Gardner. His experience at the MoI was to prove invaluable to the Festival of Britain. When the festival finally closed Holland returned to advertising.

Shortly after he was appointed Group Art Director at Erwin Wasey Advertising. Holland remarried in 1953 to Jacqueline Arnall, with whom he spent the rest of his life. He was elected President of the Society of Industrial Artists and Designers (SIAD) in 1960/61; then in 1963 he accepted the offer to return to teaching as Head of the Faculty of Visual Communication Design at Birmingham Polytechnic.

This appointment allowed Holland vigorously to espouse his view that something taught was not something learnt. When in 1971 he retired from Birmingham he became Education Officer to the SIAD. The society (now the Chartered Society of Designers), then representing over 8,000 designers, is the professional qualifying body. Holland played a leading role in course construction and was instrumental in bringing a new spirit of realism and professionalism into British design courses. In 1980 he published *Minerva at Fifty*, a history of the society.

James Holland thoroughly enjoyed his retirement, continuing to write and paint with characteristic energy until he died. He urged others to follow suit.

Dick Negus

**James Sylvester Holland**, painter and designer; born Gillingham, Kent 19 September 1905; staff, Ministry of Information 1941-51; Design Co-ordinator, Festival of Britain 1949-51; OBE 1951; Art Director, Erwin Wasey 1952-63; President, Society of Industrial Artists and Designers 1960-61; Education Officer 1971-81; Head of Graphic Design, Birmingham Polytechnic 1963-71; married 1936 Diana John (two daughters); marriage dissolved 1950; 1953 Jacqueline Arnall (one son, one daughter); died Pembury, Kent 7 January 1996.

## Ramón Vinay



Vinay (as Tristan) photographing fellow members of the cast of *Tristan und Isolde*, Covent Garden, 1958. Photograph: Hulton Deutsch

No heroic tenor could boast a finer memorial than Ramón Vinay's in the recording of Verdi's *Otello*, conducted by Arturo Toscanini, broadcast by the NBC Symphony in December 1947. For the next dozen years the Chilean-born tenor was the outstanding exponent of the role in America and Europe. He was also a superb Tristan and Siegmund, an excellent Don José and Samson, an interesting interpreter of many other roles, but it was his Otellos that captured the public imagination.

Though his voice may not have been as conventionally Italianate in quality as that of some of his successors, Mario de' Monaco, Jon Vickers and Plácido Domingo, for example, it was a tremendously powerful and highly expressive instrument that, taken together with his strong dramatic presence and total absorption in the role, never failed to transport his audience. His first Otellos in London, during La Scala's visit to Covent Garden in 1950, made an overwhelming impression on young persons like myself who had heard some good German opera, but nothing to match this in the Italian repertoire. Vinay soon demonstrated that he was also a magnificent Wagner singer. Like many another heroic tenor, he had started his career as a baritone, and retained a dark vocal colour that was particularly suited to tragic characters such as Tristan and Siegmund.

Vinay was born in Chillán, an agricultural town in Chile. His father was French, his mother Italian, and the boy was taken to France to be educated. He

played the violin in the school orchestra, but did not sing. His education finished, he was sent to Mexico to gain experience in his father's saddlery and harness business. He began to study singing and to perform as an amateur, at this point a harpooner. Entering a radio competition sponsored by Coca Cola, he was heard by a representative of the Mexico City Opera, who engaged him for the company, and he made his debut in 1938 as Count Di Luna in *Il trovatore*. Other roles he sang

were Rigoletto and Scarpia. Then, finding his voice was changing, he studied further, and in 1943 made his tenor début as Don José in *Carmen*.

The following year Vinay sang his first Otellos in Mexico City, also appearing as Samson, Cavaradossi and Des Grieux in Puccini's *Manon Lescaut*. Some of the performances were conducted by Jean Morel, who engaged the tenor for the New York City Opera, where in the autumn of 1945 he made his début as Don José. Vinay made

his Metropolitan début in February 1946, again as Don José, followed by Radames in *Aida*. Then, owing to the illness of the tenor Torsten Ralf, he sang Otellos at 10 hours notice. This performance led directly to his engagement by Toscanini to sing in the NBC broadcast and recording of Verdi's opera the following year, for which he was coached by the maestro himself.

In the summer of 1947 Vinay toured with the National Grand Opera Company of New York to various Italian cities, including Bologna, Florence and Turin, singing Otellos and creating a furor wherever the company performed. He sang Otellos on the opening night of the 1947/48 season at La Scala, to tremendous acclaim; he sang the role in September 1950, on the opening night of La Scala's visit to Covent Garden; he sang it in 1951 at the Salzburg Festival; he sang it in the Verona Arena, at the San Carlo, Naples, the Paris Opéra, in Santiago and Buenos Aires.

Although, by the mid-1950s, Vinay had clocked up more than 250 performances of Otellos, he did not neglect other repertoire. Having made his San Francisco début as Don José in 1949, the following year he sang his first Wagner role – Tristan, with Kirsten Flagstad as Isolde. This had not been easy to prepare as the multilingual Vinay knew no German; but by 1952, when he sang Tristan at Bayreuth, his enunciation of the text was as authentic as it always was in French and Italian. During his six seasons at Bayreuth Vinay also sang Siegmund (*Die Walküre*), Parsifal and Tann-

hauser. In 1953 he returned to Covent Garden to sing with the company, making his début as Siegmund, and over the next seven years also sang Tristan and Otellos. In 1954 at La Scala he sang the title-role of Franco Alfonso's *Cyrano de Bergerac*, scoring a personal triumph; the following year he tackled the purely lyrical role of Lenski in *Eugene Onegin* at the Holland Festival with equal success. Engaged at the Metropolitan for 16 seasons, he sang roles as diverse as Canio (*Pagliacci*), Tristan, Samson and Herod (*Salomé*).

Vinay never put less than his entire resources, physical and psychological, into a performance, and after 25 years as a singer, 30 of them as a tenor, the strain inevitably began to show.

In 1962 he reverted to the baritone category, and sang Telramund in *Lohengrin* at Bayreuth. At San Francisco (1965/66) he sang Dr Schön in *Lulu*, Scarpia, both Rossini's and Mozart's *Dr Bartolo* and Verdi's *Falsafà*.

His other baritone roles included Lago, which he sang in Santiago in a production of

*Otellos* that he directed himself.

At the last performance, on 22 September 1965, Vinay returned to the role of Otellos, singing just the final act as his farewell to the stage. He was apparently in very good voice, and the occasion, albeit emotional, was a triumph. He continued to direct opera for some years.

Elizabeth Forbes

**Ramón Vinay**, opera singer; born Chillán, Chile 31 August 1912; died Puebla, Mexico 4 January 1996.

## Canon Douglas Rhymes



Rhymes: absent-minded

parish priest. Eventually he retired to Fontwell, West Sussex.

Much to Mervyn Stockwood's astonishment, for he abhorred all church assemblies. Douglas Rhymes was a member of the General Synod for a decade from 1975. In debate he always spoke his mind, for he was at heart a parish priest and a loving and lovable man, with a streak of Anglican eccentricity that endeared him to many of his friends, but not necessarily those whose briefcases he absent-mindedly wandered off with after Synod sessions. He was, generally, accident-prone.

Returning once from a holiday in Cornwall he stopped off to have a bath, only to have his car, and all the clothes he had left inside it, stolen. Decently kitted out again, he returned to Cornwall to retrieve his car, the police having found it – and promptly drove it into a wall. Among the recreations he listed in *Who's Who* was conversation, an art in which he excelled. He was much more interested in other people than himself and had the perfect manners of a born listener.

Michael De la Noy

**Douglas Alfred Rhymes**, priest; born 26 March 1918; ordained deacon 1940, priest 1941; Sacrist, Southwark Cathedral 1950-54; Canon Residentiary and Librarian 1962-69 (Honorary Canon 1969); Canon Emeritus 1984; Vicar, All Saints, New Eltham 1954-62; Director of Lay Training, Diocese of Southwark 1962-68; Vicar, St Giles, Camberwell 1968-76; Parish Priest, Woldingham 1976-84; died Chichester 1 January 1996.

## Rajat Neogy

Rajat Neogy was the founder and editor of *Transition*, one of Africa's most influential literary and cultural magazines.

It is hard to imagine a little magazine that influenced writers on a whole vast continent, but that is what happened with *Transition*. Neogy began his magazine at just the right time and it became a rallying-point throughout the 1960s. It helped that he was a local boy, with the experience of a British university, and it showed in the way he spoke, moving from Swahili, to Hindi, to English. Kampala then was a small green city, and Uganda was prosperous and full of distinguished people: in 1966, Chinua Achebe, VS. Naipaul, Ali Mazrui, Ezekiel Mpibale,

and distinguished anthropologists from Makerere. Neogy had lived through Uganda's later colonial years, its independence and hopeful years; he was also to experience its disintegration and terror.

We made our introductions through our work, and met in person later, which is the right sequence for writers to get acquainted. Africa was a small place then – or so it seemed, because it was one place, where writers were eagerly signalling to each other: Chinua and Wole and Chris Okigbo, and Ulli Beier from Nigeria, Cameron Duodu from Ghana, Dennis Brutus and Nadine Gordimer and others from South Africa, Zake and Ngugi from Kenya,

David Ruhadiri and I from Malawi, and yet others in the Sudan, Ethiopia, Zambia, Tanzania. Nearly all these signals were directed towards Uganda, where Rajat Neogy edited them for publication in *Transition*.

Neogy was brave, he was forthright and funny, he was a tease; he had tremendous confidence, not the fearful bravado that was common among some Ugandans, but a stylish poise that was both intellectual and social. He was handsome, clever and young. He used all his gifts. He travelled. His magazine mattered. He liked me, he published my work – he was the first publisher of my work – and I felt lucky to know him.

One of his strangest requests

to me – but typical Neogy – was that I agree to sign a paper saying that I bad committed adultery with his wife, Lotte. This was 1965. Adultery was grounds for divorce in Uganda, and it had to be proven. "I wouldn't ask this of anyone else," he said. "I am asking you because you're my friend." Well, that was true, but Kampala was such a small place that I was afraid of the social consequences; I was not married, and I did not want to be known in town as a "co-respondent". Neogy said that he had excellent contacts at the *Uganda Argus* – the printers also worked on *Transition* – so he would see to it that my name would not appear in the Court column, where divorces

and criminal convictions and bankruptcies were listed, once a week in very small print.

Although I had never laid a hand on the woman, I agreed to be named and said that I had slept with her on three occasions. I was soon served with papers. I was warned by Neogy's harassed attorney that this was illegal – connivance, in fact. In court the magistrate said, "This Theroux chap – isn't he supposed to be a friend of yours?" Neogy admitted this was so.

Magistrate: "Some friend!"

In spite of Neogy's promises, my name appeared in the *Argus*, and afterwards, when I showed up at parties, people – expatriates or leathery ex-colonials – smiled at me knowingly. At the

age of 24, I had my first experience of celebrity. It was also one of the happiest periods of my life. I fell in love. Neogy approved of the woman, Anne Castle. He was a witness at our wedding – his elegant signature on our marriage certificate.

Neogy married two more times and fathered six children now scattered around the world.

In those years, because we

were friends, because we were in Africa, I saw him every day. I had started out as a Lecturer at Makerere; a few years later, because of the rapid departures of expatriates, I was Acting Head of the Adult Studies Centre.) Neogy's natural element was at a large table – City Bar on Kampala Road

was one. He sat, he talked, he teased, he encouraged; he then went back to his office and worked on his magazine. We all assumed that Uganda would just get better. Naipaul disagreed. The politicians were clearly opportunists and crooks, he said. "This country will turn jungle into jungle."

We did not really know what would happen. You never do. Neogy stayed and got thrown into jail for sedition – criticising the Ugandan government, something he had been doing for years. His detention in prison might have broken him. Or was it disillusionment? It was revealed that for some years the magazine had been partly funded

by the CIA, the grubby money dispensed by the clean hands of the Farfield Foundation (*Encounter* magazine was another recipient). He brought his magazine to Ghana in 1970 and edited it for two years. He then went to the United States, and he just about vanished. He was found dead a month ago in the San Francisco hotel which had been his home for a number of years. He was 57.

After he left Africa, he was not the same. But when I knew him he was brilliant. His friendship meant everything to me.

Paul Theroux

**Rajat Neogy**, editor; born Kampala, Uganda 1938; died San Francisco 3 December 1995.

## Births, Marriages & Deaths

**MEMORIAL SERVICES**  
WILSON: Dernot Needham Funeral, MC, on 10 January 1996 at Salisbury District Hospital, after a long illness, aged 71. Much-loved husband of Renée, father of Fergus. Private family funeral. Donations in his memory to Salisbury Hospice Care Trust, c/o LN Newman Ltd Funeral Directors, Grafton House, 35 Winchester Street, Salisbury, Wilts, SP1 1HL. Thanksgiving for Dennis's life, at a date to be announced later.

**IN MEMORIAM**  
VOGEL: Edith, pianist and teacher, died 15 January 1992. The rest is silence. I miss you, beloved Jeff. For Gazette, telephone 0171-293 2011.

**Marriages**  
Mr C. Brocklebank-Fowler and Mrs D. Kyrcott

The marriage took place in Edinburgh on Saturday 13 January between Mrs Dorothy Rycroft (née Evans), of Murrayfield, and Mr Frank Thornton, actor and comedian, 75; Sir John Wodehouse, barrister, 72.

**Birthdays**  
Prince Michael of Kent, 51; Mrs Margaret Beckett MP, 53; Mr Chuck Berry, singer, 70; Mr Frank Bough, television presenter, 63; Mr Lloyd Bridges, actor, 83; Mr Nigel Briers, cricketer, 41; Sir Neil Cossons, Director of the Science Museum, 57; Lord David of Glanton, historian, 82; Miss Jane Drabble, assistant managing director, Head of Fiction Programmes, BBC Network Television, 49; Dame Mary Hogg QC, High Court judge, 75; Sir John Major, former Editor, *Sunday Express*, 77; Mr Melvin J. Lasky, former Editor of *Encounter*, 76; Sir Thomas Mon

# A stake through the heart of old simplicities

The dismissive mockery with which Michael Portillo and Ken Livingstone greeted Tony Blair's Singapore call for a stakeholder economy is more revealing than the applause it evoked in other quarters.

Not for the first – or the last – time, the New Right and the Old Left are at one. Neither understands what Blair is saying, but both sense that he spells death to the old politics in which both are mired. Both are afraid of him; and both clothe their fears in a world-weary scepticism.

For the New Right and Old Left are prisoners of a mind-set which has dominoed political discourse for the greater part of this century, and to which the very idea of moving towards a stakeholder economy is alien. That mind-set was both child and parent of the great ideological contest between socialism and capitalism which began in the closing decades of the 19th century, and which lasted until the closing decades of this.

The view of the world that it engendered was Manichean: light against darkness, good against evil, progress against reaction. For Manicheans, the notion that reality consists of different shades of grey is at once inconceivable and ter-

**The idea of the unregulated free market, the holy grail of our government for 15 years, is a chimera**

rifying. But the Manichean ascendancy has ended with the end of the Cold War. On the economic plane, though only on the economic plane, the contest between socialism and capitalism has resulted in a conclusive victory for capitalism. The socialist ethic of solidarity and fellowship is as compelling as ever. In some ways, it is even more compelling now than it was 100 years ago, for it alone offers an answer to the deadly cocktail of Sixties social individualism and Eighties economic individualism that threatens to drown us all.

The economics of socialism, on the other hand, have been fatally discredited. The primordial socialist assumption that central planning and public ownership were, by definition, more efficient than market co-ordination and private ownership – an assumption held as fervently by respectable British Fabians as by ruthless Russian Bolsheviks – has turned out to be the reverse of the truth. If productive power is the test of a social system, then the capitalist market economy is the most successful social system ever known.

But this is only the beginning of the story. The neo-liberal tri-

umphalists of the early Nineties, who confused the economic victory of capitalism with the end of history, were premature. What we have in fact entered is a new historical chapter, enormously richer and more confusing than the last, in which the terrible simplicities of the past 100 years no longer have meaning.

The question is no longer whether capitalism should be replaced by socialism, or the market by the state. It is what kind of capitalism we should embrace, where the boundaries of the marketplace should lie, how and by whom markets should be regulated. Behind these questions loom more fundamental ones.

Granted that capitalism has won the economic battle and granted, too, that the socialist ethic is even more sorely needed than it used to be, what form of capitalism is most congruent with that ethic? Granted that the production of most goods and services should be governed by market criteria, what kind of market economy is most likely to sustain a vibrant public domain, strong enough to nurture the community values which make a healthy civil society possible and governed by the principles of citizenship and solidarity?

For now that we have emerged, eyes blinking, into the post-Cold War daylight, we can see that capitalist market economies are not all of a piece. No doubt they all spring from the same fundamental propensity to truck, barter and exchange which Adam Smith thought intrinsic to human nature. But, like all the great universalist simplifiers, from Plato to Marx to Hayek, Smith obscured as much as he illuminated. Sexual desire is also intrinsic to human nature. So is the fear of death. Yet different societies regulate sexual behaviour and cope with death in widely differing ways.

So it is with the market. Markets are social constructs, embedded in societies, shaped by societies and sustained by societies. The unregulated free market which has been the holy grail of British government for more than 15 years is a chimera. All markets are regulated – if not by the state, then by custom, convention and the institutions of civil society. Because of this, the rational market agent, that ghostly phantom which has obsessed economists for about a century, is also a chimera.

What is rational in one society may be irrational in another. That, in turn, means that market economies do not all behave in the same way or produce the same outcomes. Some are more productive, more environmentally friendly and more socially cohesive than others.

In nailing his colours to the stakeholder mast, Mr Blair has shown that he is at home in this complex and challenging new world of variety and nuance. Albeit only tentatively and in embryo, he is proposing a politics for grown-ups in place of the infantilism of the Portillos and the Livingstones. Above all, he is opening the door to a left-of-centre

price and noblesse oblige in the name of the unfettered right of the property owner to do what he would with his own.

Though the rights of property were, in practice, curtailed in the following 300 years, sometimes thanks to enlightened property owners themselves, the attitudes and assumptions formed during that revolt have never been abandoned. They permeated the institutions and operational codes of the state; they shaped the legal system and company law; they underpinned the mainstream tradition in economics. And they still do.

One reason they have never been seriously challenged is that they have influenced the mentality of the left as much as that of the right. For the best part of 80 years, socialists and anti-socialists alike have repeated the same Gertude Steinian mantra: property is property is property. Anti-socialists have done so because they have feared that any dilution of property rights would begin the slippery slope to socialist expropriation. Socialists have done so because they have been so eager to replace capitalism altogether that the idea of swapping one model of capitalism for another has seemed to them irrelevant, or treacherous, or both.

One result is that the British trade union movement has been more anxious to screw the highest possible wages out of hostile employers than to share managerial power and the responsibilities that go with it. Another is that the occasional Labour governments which have flitted across the British political scene have left the fundamentals of British capitalism virtually unchanged. The British mixed economy, inaugurated by the post-war Labour government, was a mix of British capitalism with the British state. It was less a new model than the familiar old model with a slightly different chassis.

Now Mr Blair has signalled a break with this tradition. If the signal is followed by action, it will be the best thing to have happened to the British left in my adult lifetime. But the proviso is crucial. It is easy to say you want a stakeholder economy. It is much more difficult to face down the massive nexus of vested interests – international as well as domestic – which stands in the way.

Moving towards a stakeholder form of capitalism would imply, at the very least, radical changes in company law, radical changes in the financial system, radical changes in industrial relations and radical changes in the relationship between central and local government. The role and status of a company would have to be redefined, so that managers had a duty to stakeholders as well as to shareholders. The insistent pressure of the stock market would have to be blunted. Capital would have to accept organised labour as a social partner, and organised labour would have to accept the obligations of partnership. Central

government would have to free local government from the financial strings of Whitehall, so that local stakeholders could jointly determine how best to develop their local economies.

Even this is only the beginning. Stakeholder capitalisms are more competitive in the global marketplace, and more popular with the world's currency markets, than shareholder ones. The short-termism, asset-sweating under-investment and disdain for human capital that are endemic in the Anglo-American version of shareholder capitalism may be good for property owners in the short term, but they are sure sources of relative economic decline and currency depreciation in the long term.

Unfortunately, it does not follow that the world's financial markets will look with favour on a switch from the shareholder to the stakeholder model in the early stages, before the new policies have had time to work. Without measures to de-couple the domestic economy from increasingly feverish global capital markets, no such switch can be made. And the only realistic measure in sight is early entry into a European Monetary Union – with all that that implies for the sacred British tradition of absolute West-

**In the post-Cold War daylight, we can see clearly that capitalist market economies are not all of a piece**

minster sovereignty. That leads on to the most radical implication of all. The absolute ownership of the shareholder mirrors the absolute sovereignty of the Crown-in-Parliament, and the absolutist conception of political power that flows from it.

Stakeholder economics demands stakeholder politics. And stakeholder politics must be the politics of power-sharing, negotiation and mutual education – a politics that requires the transformation of the British constitution and the reconstruction of the British state.

Mr Blair has gone too far to turn back. His only choice is to charge on. When battle starts – as it will – he will need all the help he can get.

*The writer is director of the Political Economy Research centre at Sheffield University and Principal Lecturer at Mansfield College, Oxford.*

*For details of an international conference on stakeholder capitalism to be held in the University of Sheffield on 28 and 29 March, write to: Sylvia McColm, PERC, University of Sheffield, Elmfield, Northumberland Road, Sheffield S10 2TY. Telephone 0114-292 6298 or fax 0114-275 5921.*

Neither Old Left nor New Right understands Tony Blair's stakeholder economics, but they know it spells death to the old form of politics in this country, writes David Marquand



project for government, more radical than anything attempted in this country in modern times.

For whatever else the notion of a stakeholder economy may or may not imply, it must imply a profound break with the assumptions and practices that have been central to Britain's shareholder capitalism for nearly 300 years.

At the heart of the stakeholder concept lies the simple proposition that property must discharge obligations to the wider community as well as to its owners: that the decisions of a capitalist firm must reflect the interests of its employees, its suppliers and the localities in which it operates as well as those of its shareholders.

The proposition runs against the grain of a conception of property rights that has been fundamental to British capitalism since its dawn in the 17th and 18th centuries. The British version of the capitalist market economy was born out of a revolt against conditional property in the name of absolute property, againts the medieval principles of the just

## DIARY



### Minister's memoirs

Which government minister is toying with the intriguing title *More Room on Top* for his up-coming memoirs? It can only be Steven Norris, the transport minister, best known for his fleet of girlfriends (seven at the last count). His could be a very rare example of a kiss-and-tell memoir where it is the minister doing the telling.

Mr Norris, one of the greenest (in the nicest sense) transport ministers of recent years, may be a major supporter and has been knocking on the door of the Cabinet for some time. But the Prime Minister is unlikely to be overjoyed at the

prospect of the re-telling of the sexual encounters of one of his ministers. Mr Norris, of course, is separated from his wife, one of the reasons why he has the dubious distinction of being the only minister to survive newspaper claims of "scandals" in his private life.

According to Mr Norris, he is a loyal Conservative who is publishing the book partly to put the record straight on his private life.

If Mr Major needs advice on how to respond to the Norris memoir, he can always take advice from a senior spin doctor at Conservative Central Office, Sheila Gunn, one of the many former Norris flames.

### Kohls' notes

This week will be a particularly busy one for the German Chancellor, Helmut Kohl. Far, in addition, to his mundane regular duties, he is to attend a book launch – his own.

It emerges that Herr Kohl and his wife, Hannelore, have been quietly penning a cookbook, *Culinary Journey Through Germany*, based on the multifarious Bratwurst and Schnitzel delights they have popped into their mouths since he came into



### Poet of the week

Hastings' finest poet, Fiona Pitt-Kieley, may be going to Amsterdam if her luck (and that of Hastings) is in. I hear that the well-travelled Ms P-K, who recently married chess grandmaster James Plaskett, has taken to entering competitions to aid her much-trumpeted fiscal worries. The *Big Issue*, the journal produced to aid the homeless, recently offered its readers the chance to win a trip to Amsterdam in return for naming their favourite Van Gogh painting. A postcard from Ms P-K duly arrived carrying her choice, "Skull with a cigarette". Let's hope she wins and starts a series: poets win prizes.



### Chrissakes!

On Friday, the *New Christian Herald*, a weekly newspaper for evangelical Christians, is to be launched, with a print run of 45,000, twice the circulation of its rivals. Its editor is one Russ Brav, who sounds like he comes from the Cliff Richard school of hip whinnying evangelism. Mr Brav, a former journalist with the *Derby Evening Telegraph*, is suitably gung-ho about his paper's prospects.

"We're going where the rubber hits the road as far as faith is concerned," he proclaims. It is good to know that modern evangelicals prefer the whiff of burning rubber to that of brimstone, but the first problem of the new paper is to get its paper's prospects.

It has signed a deal with the Evangelical Alliance, an organisation that claims to represent a million Christians, to be the official sponsor of its 150th anniversary celebrations for an undisclosed sum. The celebrations started at the weekend with a jubilee at Wembley Arena, a week before the launch of the *New Christian Herald*. The launch, apparently, was unavoidably delayed by an unforeseen development. Christmas.

E

agle Eye

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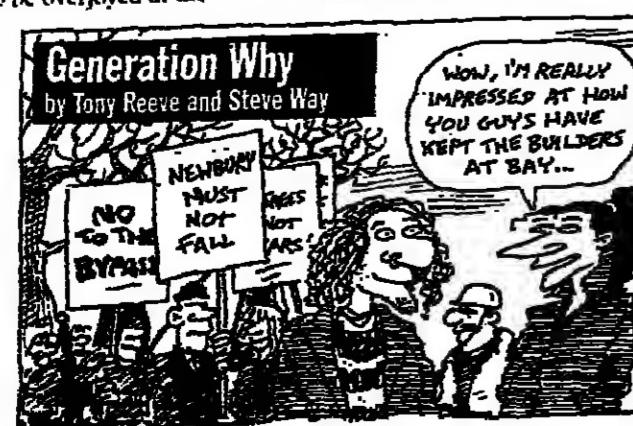
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## Moral tales in the schoolroom

**D**r Nick Tate is worried about the nation's morality, and in particular about how schools teach children about moral, spiritual and ethical matters. Good. Dr Tate is the chief school curriculum adviser to the Government, and it is his job to be concerned. And in a society which seems so fluid, and occasionally even dangerous, it seems more important than ever that schools should give young people a good grounding. Dr Tate's invitation to us all to participate in constructing a list of values for schools to teach is thus welcome.

Before taking up his invitation, however, it is necessary to point out some of the flaws in his own analysis. First, there are some holes in his critique of modern teaching. Most parents know that the majority of schools already place significant emphasis on moral behaviour and citizenship. Nor is it at all clear why the current teaching of "self-esteem" should be in conflict (as he suggests it is) with the transmission of "traditional moral values".

Second, the suggestion that society is somehow less moral today than once it was arises from a very narrow perception. It is certainly true that most people (including young people) are far less deferential to the supposed immutability of old black and white precepts; they prefer to formulate more individual moral codes for themselves. Anyone who doubts that should watch a teen soap or pick up a youth magazine, and see how heavily they concentrate on moral issues: should I sleep with him? how should I treat my friends?

It is true, however, that children need adult guidance on developing their own moral understanding, and that schools are having a tough time deciding how to lead. It must indeed be hard to talk about the drawbacks of single parenting or the responsibilities of fatherhood to a class full of children who never see their dads. For such children, the teaching of "self-esteem" may have a great value. But the report that trained teachers are so confused about sexism and racism that they are unwilling to teach any values at all is worrying. And, as Dr Tate says, boorish behaviour by parents, or irresponsible reactions towards the disciplining of their children, undermine teachers' efforts.

But the moral climate in schools is not going to be improved by a "return" to traditional moral values; nor is it necessarily going to improve children's ethical outlook. Moral absolutism will do little more than discredit its teachers in the minds of young people far too sophisticated to swallow simplifications of subjects such as sexuality and marriage. The era of children chanting their catechisms and commandments by rote is lost for ever, and should not be lamented.

All we really need is for teachers and parents to import, by word and by example, lessons in good citizenship as emphasised by the responsibility we each bear for one another (from not littering to blood donation). Children readily understand the ancient core dictum of all civilised societies – do as you would be done by. But there are times when we might all go back to school for that one.

## Why Arthur should have waited

**A**thur Scargill has decided that he does not want to hold a stake in Tony Blair's New Labour. With a quiet dignity not always associated with him, he has walked away from a party that he believes has embraced capitalism and plans to set up a truly socialist alternative in the spring. Already, left-wingers from all over Britain are queuing up not to join him.

For most of Labour's hierarchy – and many ordinary party members – the Scargillite defection is straightforward good news. His opposition to Labour can now be used to emphasise the party's transformation into the natural new party of government. And all without pain, since those who go with him will be few, unimportant and unmissed. The history of the non-Labour left in Britain is, after all, one of division, defeat and marginalisation.

Such an outcome may be good for Mr Blair and his colleagues, but it is not necessarily great for democracy. Arguably, the creation of a post-Thatcherite neo-consensus, with all main parties committed to low inflation, low taxation, good public provision and pragmatism in Europe, leaves a vast amount of vacated political space on both the left and right.

But the present first-past-the-post voting system makes even the smallest parliamentary representation for such parties practically impossible. Even the millions of votes for the Liberal Democrats at the last election gained them only a score of seats. The Greens in Germany, an important political force in that country for nearly 20 years, would probably never have elected a single MP under Westminster rules.

Little wonder, then, that different ten-

dencies shoehorn themselves into "broad church" parties, competing internally for influence. Mostly these are groups of like-minded people with overlapping views and shifting allegiances. But sometimes their agendas are completely incompatible (as is the case with today's Tory Eurosceptics and federalists). When this happens, parties can be convinced by the attempt to resolve issues that, rightly, should be the province of the electorate. In the end, voters do not always get to make the choice over Europe (or to pick an example for the future) over the size of the welfare state, because all parties have made a similar decision about their policies.

Presumably, this is one reason why Mr Scargill has always been a firm supporter of electoral reform, seeing it as a necessary condition for the success of a genuinely socialist party. With a more proportional system, we could well see a centre-left party (Labour and Lib Dem), a centre-right one (Major, Howard, Heseltine and Shepherd), one on the left (Livingstone, Abbott, Skinner) and, on the opposite end of the spectrum, the Tories. Perhaps some Greens would be in there, too.

But Mr Scargill, appalled by what he sees as the irreversible betrayal of all he holds dear, has not yet been able to wait until the election of a Labour government and the redemption of Mr Blair's promise to hold a referendum on electoral reform. He wants to be in a position to oppose Prime Minister Blair from day one of the new era. If there are stakes around, Mr Scargill will want to do the driving. And this shows impatience, rather than judgement. He is doomed to fail.

## The Lady's not for remembering

I am delighted to say that while she was in London I managed to persuade Baroness Thatcher to come into the office and tackle some of the many problems and inquiries that the readers have wanted her to answer. It is not often that Margaret Thatcher agrees to descend from Olympus, as it were, and we are very grateful that she deigned to accept the very substantial fee that she demanded for the service. All yours, Maggie!

It has often been pointed out that your entry in *'Who's Who'* makes no reference to your mother, only to your father. As everyone writes their own autobiography in *'Who's Who'*, this must mean that you have deliberately omitted any mention of your mother. Would you care to enlighten readers of the *Independent* as to why this is? Did you in fact have a mother? Did you appear to your father by virgin birth?

Baroness Thatcher writes: As far as I can remember, I had no mother. This does not mean that I did not have a mother – rationally, I must have been the offspring of someone – only that I do not actually remember having one. When I



MILES KINGTON

conjure up a visual picture of life at home, I can only remember men – apart, that is, from me.

Above all, I can remember my father, the Alderman, of whom I have a distinct and very strong visual image as he bent forward listening to me, as I told him how the family unit should be run – advice, I am glad to say, that he always listened to.

Whether my mother was present on those occasions it is hard for me to say. If she was, she was not there strongly enough for me to remember her. If she was not, then perhaps she was not one of us.

After you left your family unit in Grantham, did you keep in close contact with your parents, or perhaps, parent?

Baroness Thatcher writes: When

I finally left Grantham to go to university and then was called to the Bar, I was often asked back to Grantham to give an annual lecture on the state of the family, which I always did gladly if I could fit it into my busy calendar. But of course when one has left a post of authority, the people left behind sometimes tend to ignore basic principles and let things go a bit.

Are you referring to your father there? Or to your mother? Or to John Major? Or ...

Baroness Thatcher writes: If you cannot decide which question you want to ask, perhaps we could have another questioner.

In *'Who's Who'*, you give as your recreations "music and reading". What instrument do you play?

Baroness Thatcher writes: Who ever gave you the idea that I played an instrument?

Well, you said you were interested in music ...

Baroness Thatcher writes: I haven't got time to play the stuff, fool! If I said I were interested in books, would that mean I had written any?

But you have written books!

Baroness Thatcher writes: Have I? Oh, yes, my years in Downing

Street and all that. Well, I did not strictly write all those myself. I suppose I haven't got the time to bother myself with the day-to-day details of operations. I am more interested in the broad sweep, the master strategy, the big outline, the underlying principles. I am a conductor, not an orchestral player.

You mean, you *WERE* a conductor. You no longer have an orchestra.

Baroness Thatcher writes: On the contrary. I have an orchestra in every country. I am a guest conductor. I fly in, tell people how to run their country and fly out again. Do you get paid in cash?

Baroness Thatcher writes: I get paid. How, is my business. Do they take any notice of how you tell them to run their country? Do they follow your advice?

Baroness Thatcher writes: I have no idea. I do not stay around long enough to find out. I have a crowded schedule.

You mean, you take the money and run?

Baroness Thatcher writes: Next question, please!

Here is some money. Would you go away and not come back, please?

Baroness Thatcher writes: Certainly.

Sir: The recent revival of Daphne Banks from a mortuary reminded me of the following:

On one of the ships I sailed as a cadet in the Merchant Navy in the early 1960s, there was a death on board off the West African coast. As there were two doctors on the ship to sign the death certificate and no refrigerated space, it was decided to "commit the body to the deep".

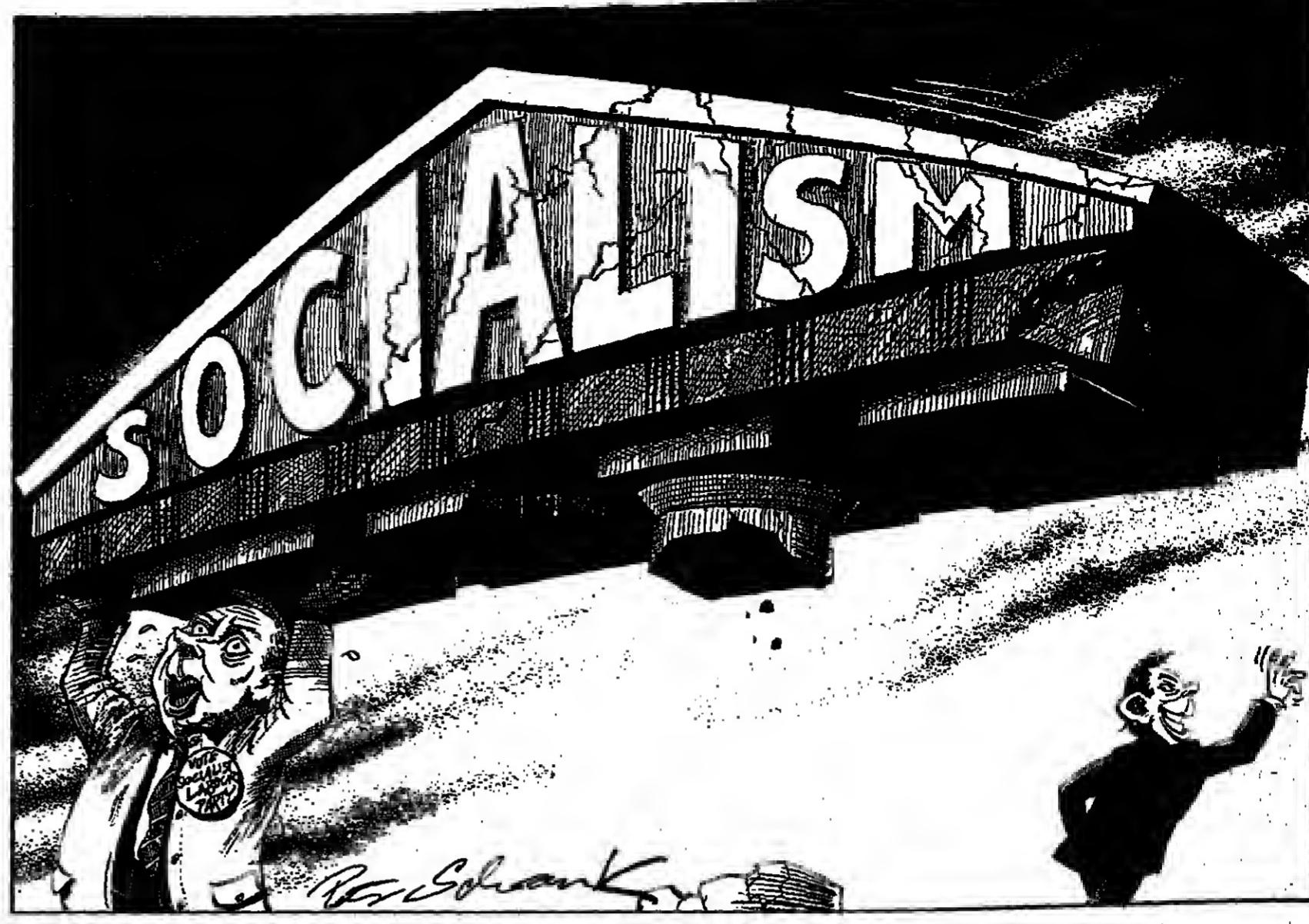
The mate sent me down to assist the bosun to prepare and stitch up the corpse, as he said I would be unlikely to witness such an occurrence again. The bosun, a North Sea Chinaman (it, he

hailed from the Orkney Isles), was in his sixties and had performed the task several times before. He was a deaf man with the palm [leather glove] and needle used to sew the heavy canvas into a shroud around the body, and when he came to the final stitches around the face he pushed the large triangular-shaped needle right through the nose. I winced, and he looked up at me and said, "That's the law of the sea, the last stitch through the nose, if that don't wake him up I know he's dead."

Apparently, it was not uncommon for sailors or passengers to be mistakenly pronounced dead. This was the final test. Yours sincerely,

TIM CRAIG

Hindford, Shropshire



## LETTERS TO THE EDITOR

### Mitterrand: a man of political courage and faith

From Mr David Lowe

Sir: I was surprised to read such a misleading interpretation of recent French political events as described by John Laughland ("Mitterrand's deadly legacy", 11 January).

The French nation has mourned François Mitterrand's passing and many beyond the frontiers of France have paid tribute to his great contribution to European co-operation, to the promotion of equality, to his attacks on racism and nationalism ("Nationalism, c'est la guerre")

His personal trajectory towards the left in French politics, from a comfortable bourgeois rural childhood and adolescence, the impact of Nazi occupation and his own period in captivity and then as one of the leaders of the French resistance who dared to oppose de Gaulle, his ministerial responsibilities in the Fourth Republic alongside Pierre Mendes-France and others, formed a complex personality. In spite of this, and probably because of this, he became one of the few European politicians or political leaders to have developed a clear strategic vision of his country's role in Europe, and Europe's role in global politics.

He continued to inspire

French youth and his election in 1988 to a second term of office owed much to the support he earned among the younger French electorate. He himself admitted that his great regret was not to have achieved more in the fight against unemployment, particularly among the young.

To accuse Mitterrand of dictatorial and centralising tendencies, as Mr Laughland does, is ridiculous.

Who was responsible for the greatest decentralisation of French political decision-making since the Napoleonic era? The empowerment of local and regional authorities was among his earliest constitutional reforms; his respect for the electorate's choice following the left's defeat in 1988 and 1993, and his management of the cohabitation period under the premiership of Chirac and Balladur, consolidated French political institutions: the Maastricht referendum giving the people their chance to decide on France's future in Europe, though a great political risk, demonstrated both his own political courage and his faith in the French people.

Yours faithfully,

PETER LOWE

Department of Languages and European Studies

Aston University

Birmingham

11 January

From Professor Peter Morris

Sir: John Laughland has been denouncing François Mitterrand for a number of years now. He rightly observes it is caused by the traffic on the A34 through Newbury, might somehow be relieved by building the proposed bypass.

This is surprising in view of the

widely known fact that the vast

majority of that traffic is local and

would not be displaced by the

bypass. The bypass could only

serve to remove a fraction of the

current traffic while generating

yet more traffic growth, thus

worsening the situation.

The Government has soldiered

on with its flawed scheme seem-

ingly oblivious to this knowledge,

peddling the justification that the

bypass was approved subject to

democratic processes. The terms

of reference of both public

inquiries confined debate to a

narrow range of options, primar-

ily the route the bypass should

take, so the question of whether

a new road was actually needed,

and what the alternatives to it

might be, was never addressed.

Yours faithfully,

STEVE GREENWOOD

Newbury, Berkshire

### Newbury alternatives ignored

From Mr Steve Greenwood

Sir: Colin Read's letter (11 January) implies that the "noise pollution and disruption", which he rightly observes is caused by the traffic on the A34 through Newbury, might somehow be relieved by building the proposed bypass.

This is surprising in view of the

widely known fact that the vast

majority of that traffic is local and

would not be displaced by the

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Yours faithfully,

STEVE GREENWOOD

Newbury, Berkshire

### Tory attitudes

From Mr Terry Bishop

Sir: It is good to be reminded by Hugh Dykes (letter, 6 January) that the majority of MPs, including Tories, have a positive attitude towards European Union membership. Media coverage often suggests the opposite.

However, Mr Dykes's call for Labour Party support would have a greater resonance with many ordinary members, like myself, if it focused on a call to reform our constitutional and electoral structures, rather than on a single issue such as rail privatisation. It is absurd that we are going into the next Inter-Governmental Conference and, possibly next year, into the creation of new regional tiers of government, without any structured consideration of the impact on Westminster.

Until there is a crackdown on these people, the experiment with coaches being confined to the inside and middle lanes will not work.

Yours faithfully,

KEVIN MASON

Middlewich, Cheshire

### King Leopold III

From Ms Pamela Davis

## comment

# Will Europe ever be ready for the Euro?

With even the mighty Germany unable to meet the requirements for monetary union, plans for a single currency by 1999 seem doomed

**H**ow quickly pleasure can turn to pain, hope to despair and optimism to embarrassment. Only one month ago, European Union leaders meeting in Madrid were congratulating themselves on having finally chosen a name for the planned single currency – the Euro – and on having set out in detail the process by which monetary union would start in January 1999 and be completed in 2002.

For a moment, it seemed that this most politically driven of European projects could really begin on schedule despite concerns about the economic health of numerous would-be participants. In Madrid, few EU leaders wanted to be reminded of problems such as those in France, where prolonged public-sector strikes and an anticipated slowdown in growth appeared to be undermining the government's chances of meeting the Maastricht treaty's conditions on low budget deficits.

Now, however, a new and potentially devastating obstacle to the Euro's successful birth has arisen from a most unexpected quarter – Germany, the economic power-

house of Europe and linchpin of the monetary union plan. Data published last week showed that the German economy had all but spluttered to a halt, with growth of only 1.9 per cent in 1995, unemployment up sharply last month from 9.3 to 9.9 per cent, rising bankruptcies and weak industrial orders.

Worse still, Germany's Finance Minister, Theo Waigel, who had spent the closing months of 1995 arguing for stricter measures to ensure EU budgetary discipline after the Euro's launch, was obliged to confess that Germany had failed last year to meet Maastricht's stipulation that a country entering monetary union should have a budget deficit of no more than 3 per cent of Gross Domestic Product. Germany's 1995 deficit turned out to be 3.6 per cent, a figure that shocked German economists and provided scope for much *Schadenfreude* in the press of other EU countries.

"Jesus Christ is dead, Karl Marx is dead, and even Germany isn't feeling very well," the Milan newspaper *Corriere della Sera* wrote mockingly. A wicked but understandable gibe:

it was Mr Waigel who asserted last year that Italy would fail to meet the grade for the single currency.

Before assessing whether the Euro is still on course for its 1999 launch, it is worth observing that no EU country in its senses should seek comfort from Germany's troubles. A slowdown in the German economy means fewer imports from other EU states, and this translates into lower growth and higher unemployment across the whole of the EU.

British opponents of the single currency should bear in mind that the most likely reason for delaying monetary union will be a recession or so-called "pause in growth" in the European economy that puts the Maastricht targets on low deficits and public debts beyond the reach of key countries such as France, Italy, Belgium and, it seems, even Germany. Yet Britain, with its opt-out from joining the single currency in 1999, would have no cause for joy, since any recession or slowdown in other EU states would hit British jobs and prosperity as well.

That said, it does seem increasingly strange for EU governments to

be engaged in drastic budget-cutting and tax-raising measures at a time of low growth and stubbornly high unemployment – 11 per cent across the EU as a whole. Governments have been forced into this policy straitjacket for the sake of meeting fiscal targets for a year that was quite arbitrarily selected by negotiators meeting in a Dutch town in 1991.

"One cannot conceive of monetary union with 11 per cent unemploy- ment," Italy's Prime Minister, Lamberto Dini, said last week. "This negative record must be corrected in a lasting way."

The defence put forward by the men of Maastricht is that they expected the European economy to be on the up in the late 1990s and so it would prove relatively easy for most countries to meet the treaty's conditions. However, it is difficult to avoid the conclusion that the choice of 1999 was essentially political in nature, designed to ensure that monetary union got under way, only narrowly approved in a 1992 referendum, before the end of the century.

EU leaders agreed in Madrid that they would decide in early 1998 which countries have qualified for monetary union. Obviously, the only country that currently meets all Maastricht's conditions in full is Luxembourg, which contains 0.1 per cent of the EU's population.

During this year and 1997, therefore, we can expect to see a feverish scramble in most EU states to cap spending and cut public debts at just the time when the European economy needs a return to expansionary monetary union.

Another possibility is that the EU will put a favourable gloss on the fiscal performances of member-states keen to get the Euro going. Maastricht says that countries can be deemed to have qualified for the single currency if their deficit and debts are heading consistently towards, rather than actually meeting, the specified targets of 3 per cent and 60 per cent of GDP.

Until recently, Mr Waigel was insisting Germany would forbid any laxity in interpreting this section of Maastricht, but Germany's surprisingly high 1995 deficit has undermined his case. Conversely, it has helped countries such as France and Belgium which may struggle to reach the Maastricht deficit and debt levels in time but which can argue that they are on the right path.

Paradoxically, Germany's economic difficulties may therefore make it more likely that the Euro starts on schedule. Postponement of monetary union for a few years is certainly a strong possibility, but it is too early yet to rule out a launch as planned in 1999.



TONY BARBER  
The choice of 1999  
was essentially  
political in nature

# You've nothing to gain but your chains

Here's an idea, Mr Howard. Instead of locking up criminals in expensive prisons, why not shackle them to the nearest lamppost?



NIALL FERGUSON

**T**here are some people – I would guess around 100 per cent of the readers of this newspaper and all their friends and relatives – who are deeply shocked by the notion of women giving birth in shackles. Indeed, by attempting to defend the policy of chaining pregnant prisoners like dogs, Ann Widdicombe last week pulled off a remarkable feat: she made herself even more unpopular than Michael Portillo.

I admit even I was momentarily appalled – mainly at the sheer incompetence of those responsible for this public relations fiasco. Yes, people escape from the slammer – they always will. After all, if men could escape from Devil's Island, Alcatraz and Colditz, then there is no such thing as an escape-proof nick. But the Home Office has never really recovered from the great escapes from White-moor and Parkhurst. I don't know where Michael Howard has been since the shackles story blew up (something of a great escape on his part), but his fingerprints are all over this. It's the perfect Conservative conference gag: "Now that's what I call hard labour!"

Obviously, it is absurd to handcuff a woman who is giving birth; here I am in agreement with *Independent* readers. Even one who thinks she might be going into labour is unlikely to do a runner. The Home Office line is that 20 female prisoners have escaped from hospitals in the last five years. But only one of them was pregnant. It seems quite incredible that her foolhardy escapade –

she jumped from a first-floor window – should have been the basis for a policy as unpalatable as this.

Nevertheless, to react with mere righteous indignation is ingenuous. For there is no denying that there is a certain logic (albeit somewhat Swiftian logic) to the reintroduction of the shackle – even, dare I say it, for mothers-to-be.

Our society's system of criminal justice relies heavily on imprisonment – too heavily, in my view. A lot of us are, have been or will be behind bars at some point in our lives. Though it is still short of its 1988 peak, the prison population is high at around 50,000, or 0.15 per cent of the adult population – the second highest in the European Union.

And this despite the fact that less than 30 per cent of crimes are ever "cleared up"; despite the fact that a rising proportion of offenders never even make it into court; and despite the fact that less than 15 per cent of those convicted actually receive custodial sentences. If we sent as many of those convicted to prison as we did in 1990, the prison population would be four times larger!

Who are today's cons? Not on the whole, the serial killers and rapists whose crimes make the front pages. In fact, the

majority of prisoners have committed crimes against property or involving drugs – less than a third are in for crimes against the person. And most prisoners are serving sentences of less than four years. In this respect, the women in the shackles were typical. Sue Edwards (handcuffed throughout the birth of her baby girl) was serving three years for burglary. Annette Walker (shackled for 10 out of the 12 hours she was in labour) was jailed for four years after snatching a handbag containing £5,100 – far from her first offence. Kathleen MacKay (chained for 24 hours a day in hospital when 22 weeks pregnant) was jailed for shoplifting.

In only two respects are they untypical: the fact that they are women, who are still a tiny minority (around 10 per cent) of prisoners; and the fact that they were pregnant.

Locking up the likes of Sue, Annette and Kathleen costs money. Contrary to popular belief, the Tories have not starved the Prison Service of cash: on the contrary, expenditure on prisons has roughly trebled since 1982, and the ratio of inmates per prison officer has been halved. And yet the impression is inescapable that the prison system is not delivering (apart

from a few babies, that is) Crime – or rather public anxiety about it – shows no real sign of abating, rates of re-offending by those released from prison are depressingly high.

Which is why the policy of shackles – at first sight so repugnant – is in fact an unrecognised stroke of genius. The only real mistake the Home Office has made has been to use shackles so sparingly – as a mere extension to imprisonment for those (such as pregnant women) who temporarily have to be let out of their cells, instead of as a complete alternative to incarceration.

This is my modest proposal (*I leave the think-tank policy works to work out the details*). Stop building new prisons; in fact, start demolishing them. Instead of locking up convicted criminals in expensive asylums where they merely teach one another even worse habits, simply *shackle them*.

It does not matter where. As the recent cases of manacled mothers show, shackles can be worn whatever the individual happens to be doing. And that is just the beauty of my proposal. Criminals will be able to lead virtually normal lives after they have been sentenced. They will merely have to endure the stigma and discomfort of doing everything – signing on, doing the shopping, betting on the horses, going down the pub – in shackles.

I emphasise particularly the stigma which attaches to wearing a chain, even without a large black metal ball attached. Annette Walker's letter published in the *Guardian* last week made this abundantly clear. "I was in pain, embarrassed, crying ... I wouldn't want (my children) to see what I am having to go through they couldn't or wouldn't understand or believe this is happening to a human being who has never hurt anyone in her life physically ... I bid under the sheet sobbing ...

The shame I felt in these chains ... I just wanted to die. ... It is so wrong, I have never been a burden to social services ..."

Well, no, Annette you didn't hurt anyone physically. You robbed them. Which is why you weren't a burden on the social services but a burden on the Prison Service. The fact that something finally made you feel shame – which implicitly you don't feel about being in prison – is really rather impressive.

The more I think about this idea, the more I like it. Shackles, after all, are inexpensive compared with prison cells. And there is no particular need for people to be shackled to prison officers, who cannot be expected to spend 12 hours at a stretch in the delivery suite every time a convict takes it into her head to give birth. No, lampposts will do for minor offenders. Perhaps we might even consider some purpose-built stocks, appropriately located in town centres.

Are you reading this, Mr Howard? Are you following my train of thought? Because I'm offering you two election-winning slogans for the price of one, you know. "That's the sound of the mums – working on the chain gang." And: "Burglars of Britain, unite. You have nothing to gain but your chains."



Stocks: a neat alternative to shackles?



Kathleen MacKay, a jailed shoplifter, chained to bed in hospital for 24 hours a day when she was 22 weeks pregnant

## It's time for Scotland to turn the clocks forward

The proposed British Time Bill will improve the quality of life for most Scots, says Brian Wilson

**A**s I write, dusk is falling. It is bleak, miserable and 4pm. The idea that because I am Scottish I have some unique gloomy attachment to this unnecessary state of affairs is misguided and now is the time to say so. Our Presbyterian nation, in which spiritual darkness is often bemoaned, should rise up and say: "Let there be light." This Friday, MPs will have the opportunity to do so during the second reading of John Butterill's British Time (Extra Daylight) Bill.

We all have sympathy with Shetland crofters and it is true that those of them who attend to their agricultural duties in the mornings would spend an hour more of their pre-breakfast time in darkness on (according to the pro-change lobby) 40 days of the year. This is regrettable, though not more so than for their counterparts in northern Sweden, who survive happily on European time.

However, it should be remembered that Lerwick is more distant from the central belt of Scotland than is London. There is, therefore, a balance of consideration within Scotland as elsewhere.

A columnist in the *Scotsman Gazette*, not exactly a publication of the genteel South, recently commented on

the heart-rending account which someone in Oban persuasively offered to Today listeners about how he was suffering darkness while people in the South, even without change, were enjoying daylight. The writer found this difficult to understand since he, 100 odd miles farther north, was at that moment watching dawn breaking.

Beware the over-eagerness of the padding. Michael Forsyth, the Secretary of State for Scotland, should certainly have done so before jumping in so prematurely to denounce the Butterill Bill. Apart from his allegiance to the farmers' lobby, Forsyth was presumably motivated by a desire not to be outbid by the Nationalists, for whom any proposal which emanates from Bournemouth must by definition be tainted with anti-Scottish prejudice.

Forsyth's determination not to be left behind in the rush for the bandwagon raised the stakes and could possibly condemn the Bill to an early death. His ability to stop its progress became a litmus test of his own influence and standing. If he fails, ridicule will descend upon him.

It would have been a lot better if Forsyth had taken account of the clear division which exists within Scotland

and had done his bit to prevent this becoming an artificial Scotland v England encounter.

After Butterill's intention was declared, I wrote an article in my own local newspaper. If one was to believe some of the more hysterical opponents of change, this would have sparked a deluge of hostile letters and demonstrations in support of evening darkness.

There will be more time all year round to enjoy the pleasures of daylight

line-up! Fortunately, some Scottish Labour and Liberal MPs take a more measured view than Forsyth and will be giving the Bill a fair hearing.

My reasons for favouring change are straightforward. First, I respect the evidence that it is likely to lead to fewer accidents, particularly those involving children. This is unprovable one way or another until genuinely comparable figures can be obtained, and we cannot have these without at least an experiment. The Transport Research Laboratory believes the change would be likely to lead to 60 fewer deaths and serious injuries and 270 fewer slight injuries a year on Scottish roads, taking account of travel patterns and the fact that more accidents occur in the afternoon than the morning.

I am wary of such precise hypothetical statistics, but the general point surely cannot be dismissed lightly, as Forsyth has sought to do.

Most of the other arguments cancel themselves out. Yes, I am sympathetic to pensioners facing increased risks of attacks through working in the dark. But, equally, I am concerned for women who are vulnerable to attacks as they make their way home from work in the early evening.

All these points can be evaluated only once the change is made. Parliament could then change back again, if it so wished. What is incontrovertible, in Scotland as in the rest of Britain, is that there would be more time all year round for people to enjoy the pleasures of daylight. The ScotNat jobs that this is all to serve the interests of "the South of England leisure industry" is paranoia at its most absurd. Do we not also have a leisure industry in Scotland? And do we not have a population that wants and needs more leisure? Are our noses to be cut off to spite the faces of the English?

Forsyth's colleagues in the Cabinet should tell him to hop off and support a genuinely free vote in the House of Commons. If the Bill survives on Friday, I am going to take democracy one stage further and allow my constituents to influence how I vote by conducting a ballot through my local press. Perhaps if every Scottish MP did the same, the polarised position which the Tories and the Nationalists have decided is expedient would seem even more fallible.

The writer is Labour MP for Cumbernauld, North.

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Frances Hegarty, *Mail on Sunday*

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Times Literary Supplement

HarperCollins Publishers

## Alliance and Leicester likely to float soon

DIANE COYLE

Alliance and Leicester Building Society will give free shares to all its members when it floats on the stockmarket – a move likely to be announced shortly. Unlike Woolwich, which last week announced its decision to convert to a bank, Alliance would not bar "carpetbaggers" who had only recently opened accounts from cashing in on the windfall.

Alliance denied a weekend report that it had set a firm date of 1 February for its flotation. A spokeswoman said this was

speculation: "It is something that we are looking hard at but a decision has not been made."

She confirmed that if the decision was made to join the stockmarket, there was unlikely to be a cut-off date on membership accounts opened before the formal announcement. "We

would not be in the same position as Woolwich," she said.

The building society sector has been plagued by the wave of "hot money" inflows as investors try to take advantage of conversion and flotation plans by opening numerous accounts

with small balances. Woolwich raised its minimum required balance to £500 last summer.

Woolwich members will receive shares worth between £750 and £1,000 when it floats next year, but 35,000 members who opened accounts after 31 December are not eligible for the give-away.

Alliance took action before

Alliance to stem the flood of speculative money into new accounts by raising its minimum required balance to £5,000, and replacing its instant access account with a deposit account

for new investors. Along with Nationwide, Alliance has been one of the building societies most widely tipped to abandon its mutual status and become a bank listed on the stockmarket. Alliance therefore feels it has taken enough action in the past to keep new inflows under control.

Alliance investors will receive some £850-worth of shares on its conversion to a bank. The float would value it at nearly £3bn.

If it goes ahead with the society's plans next month, the society

would aim to put the vote to members as quickly as possible, with a view to making the switch to bank status by early 1997.

This would be at about the same time as Halifax, which recently merged with Lloyds Permanent, but before Woolwich.

Alliance has a banking licence for its Girobank subsidiary, bought from the public sector in 1990.

This would speed up the conversion process. The building society is being advised by investment bank JP Morgan.

Alliance's 1995 pre-tax profits

are expected to be £340m, of which Girobank and other subsidiary divisions account for two-fifths.

Nationwide is believed to have backed away from the option of converting to a bank, while Bradford & Bingley and Bristol & West recently re-purposed their continued commitment to mutual status.

Analysts believe that a number of smaller societies face the possibility of takeovers.

When Woolwich announced its decision last week, chief executive, Peter Robinson, ex-

**£8bn debts:** Governments accused of 'massive non-delivery of promises' on revenue from railway services

## Eurotunnel turns up the heat in latest crisis talks

DAVID HELLIER

Sir Alastair Morton, co-chairman of the troubled Channel-tunnel operator Eurotunnel, is set to intensify his campaign this week to press the UK Government into helping him secure a refinancing of the company's £8bn of loans.

He wants the Government to join him and the group's bankers at the negotiating table in talks on how to help the company over its latest crisis.

One day last week, rumours that the troubled company could be about to be declared insolvent sparked a substantial fall in the company's share price.

Sir Alastair and the company's other co-chairman, Patrick Ponsolle, are set to write to their respective transport and finance ministers, asking them to renegotiate Eurotunnel's contracts with the two countries.

"It's clear that pain is going to have to be endured by the group's banks and its shareholders. We believe that the government should be taking an equal share of the pain, given the assurances it gave right at the start of the project," a source close to the company said yesterday.

Sir Alastair and Mr Ponsolle believe their case for getting the UK Government to sit at the negotiating table depends on promises made by the British Government at the outset of the project, backed by a

letter sent to the group's main Japanese bank backers shortly after the contractors, TMI, had been awarded the tender to build the tunnel in 1986.

The Thatcher letter is said to have contained a series of assurances and promises to the Japanese bankers which the Eurotunnel co-chairmen believe have not been kept to.

Although there was not an unambiguous guarantee of a government bail-out if the project went awry, many of the Japanese bankers are believed to have interpreted the Thatcher missive as a letter of comfort.

Eurotunnel believes the British Government has fulfilled fewer of its promises than its French counterpart. But the French government will be approached too.

"We are planning to ask the two governments to renegotiate and discuss how they will make up for the massive non-delivery of promises given by them in respect of income that would flow from the half of the tunnel capacity that they demanded in return for the tunnel concession when it was first granted," Sir Alastair said over the weekend.

Eurotunnel has three complaints. These cover the government's rail-traffic forecasts, the implications for the tunnel of British Rail's fragmentation in the run-up to privatisation and the extension of duty-free sales on the cross-channel ferries. One possibility is that Eurotunnel may demand an

increase in the £200m-a-year minimum payment from the British, French and Belgian railways for the capacity which they demanded when the company was originally granted the concession.

Eurotunnel may also ask for an extension of the tunnel's 65-year concession, which would give its backers extra comfort should they decide to put up new money.

Eurotunnel suspended interest payments on its junior debt in September last year and since then it has been desperately trying to negotiate a financial restructuring with its bankers.

One likely option now being considered is a debt-for-equity swap which may see the banks ending up owning more than 50 per cent of the group's equity as well as its debt.

In one scenario – detailed in banking documents distributed to the company's backers in September – the banks, assuming shuttle revenues only 10 per cent lower than independent forecasters, would not envisage getting their money back and accrued interest on the project until 2052.

The banks leading the discussions over the restructuring are National Westminster, the Midland, Credit Lyonnais and Banque Nationale de Paris.

The banks are also being independently advised by Coopers and Lybrand, who have a team that specialises in financial restructurings.

A furious row has broken out between the Consumers' Association and a leading financial services regulator over a deal which risks leaving tens of thousands of victims of the pension transfer scandal without compensation.

The consumer watchdog has accused the regulator, the Personal Investment Authority, of watering down its instructions to financial advisers involved in the mis-selling of personal pensions.

The row, over letters advisers must send out to clients who might have been given bad advice, will drag in Treasury ministers. They have backed the

new agreement announced on Friday, between the regulator and specialist insurers.

Professional indemnity insurers, who will foot most of the compensation bill for pensions mis-selling, have waged a bitter campaign against the original form of the letters because they stated that victims had a right of redress.

The consumers' opposition sparked a mass boycott by financial advisers of the pensions review first ordered by the regulator nine months ago. After months of talks, the PIA

gave way to insurers last week, and removed any reference to compensation from the letters.

The Consumers' Association yesterday attacked the deal as

a climb-down that would lead to far fewer victims having their cases reviewed to see if they are entitled to any compensation.

Philip Telford, a senior researcher in the CAA's money policy group, said: "We are keen to see any blockage cleared so that the review can be carried out. But we would also be very disappointed at any weakening of the original review letter. The reality is that many people do not respond to these letters even when prompted.

Taking away the part about compensation removes an incentive for them to do so."

He added: "One must also ask why it is that the PIA has changed what must clearly be its preferred letter. If the

wording was right in the first instance, why is it not so now? There seems no doubt that [the PIA] backed down under the instructions of the insurers."

The PIA claimed its change of mind broke the logjam preventing hundreds of thousands of urgent cases from being reviewed. Joe Palmer, PIA chairman, said: "I am very pleased that constructive discussions with a number of leading insurers will enable the review process to go ahead."

The insurers had argued that to send letters telling people they might be entitled to compensation meant inviting claims against themselves. They feared the prospect of paying out bundles of millions of pounds. In

## Offers for assets pour in to Granada

MATHEW HORSMAN

Granada, the television and leisure giant, has been inundated with offers for the assets it intends to sell if it wins a £3.8bn hostile bid for Forte, the hotels and restaurants group.

According to sources close to Granada, "the interest is huge and we have been overwhelmed by inquiries." At least six seri-

ous buyers have emerged for

Forte's motorway service areas, of which two are believed to be management buy-out groups.

Granada expects between £250m and £300m for the operations. Bids for Forte's up-market hotel chains, Meridien and Exclusive, are also believed to have been proposed by trade buyers, including Bass, ITT-Sheraton and Marriott.

But sources denied reports

that Accor, the French hotels and travel company, was in the late stages of a deal to buy a package of Forte hotels from Granada if the hostile bid succeeds.

"Certainly Accor is in the frame," said one source. "But at this stage, nobody is ahead of anybody else." Accor was a competing bidder for Forte for

Air France's Meridien chain in

1994, but offered less than Forte's £240m. An announcement of an agreement this week, in advance of the 23 January bid close, would be "icing on the cake," a Granada spokesman conceded yesterday.

At that stage, nobody is ahead of anybody else." Accor was a

competing bidder for Forte for

minister's speaking engagements in the US and elsewhere.

Her foundation was established in 1990, and is dedicated to promoting her views on privatisation, small government and lower taxes, particularly to audiences in Eastern Europe.

The Foundation offers advice to governments on investment, technology transfer and training. Hopes of raising as much as £10m have not been met, but contributions are believed to be sufficient to finance what is still a modest operation.

Granada's offer for Forte, analysts said. The bidder is already tipped to have done enough to secure victory, following its raised offer last week. But there are still doubts about its £2bn disposal programme.

Forte has dismissed the plan as a fire-sale. Granada hit back yesterday, calling on Sir Rocco Forte, the chairman and chief executive, to justify his own asset sales, which include the sale for £1.05bn of Forte's restaurants and Travelodge hotels to Whitbread.

Following the acquisitions, Forte would be "over-exposed to a sector of the hotel market which is highly cash consuming and vulnerable to a downturn in the economy," Granada's chief executive, Gerry Robinson, said. "I have no doubt that 'new' Forte shares would trade at a substantial discount" to the Granada offer, he said.

Forte responded that its "pure hotels company" would benefit from the upturn in the hotels cycle that is now under way.

## IN BRIEF

### Storehouse chairman

Storehouse, the Mothercare and BHS group, will announce that Alan Smith is to become non-executive chairman. Mr Smith, a former Kingfisher and M&S director, joins the board immediately and will take over from current chairman Ian Hay Davison. Chief executive Keith Edelman remains responsible for day-to-day management.

### Time for change

Three out of four members of the CBI want Britain to move an hour forward on to western European time, according to a survey by the employers' organisation. But enthusiasm diminished the further north the business; 72 per cent of Scottish respondents said they would oppose the move.

### No more shutdown

John Kasich, chairman of the House Budget Committee, said that Republicans would not force another shutdown of the Federal Government.

## Winner of the Crime Writers' Association's GOLD DAGGER AWARD for the best crime novel of the year

# THE MERMAIDS SINGING

# VAL McDERMID

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Times Literary Supplement

HarperCollins Publishers

A charitable trust set up by the Forte family donated £30,000 to Margaret Thatcher's right-wing think tank in 1994, according to documents seen by the *Independent*.

The donation was the largest of 50 listed by the Forte Charitable Trust, one of four trusts linked to the Forte family, founders of the luxury and hotels group, writes Mathew Horsman.

All told, the trust gave £174,000 to charities in 1994, the last year for which information is available.

Unlike the three other char-

itable foundations linked to the Forte family, which receive services from Forte plc, the parent company, the Forte Charitable Trust is nominally in-

dependent.

Its directors are Sir Rocco

Forte, the company chairman,

his sister Olga Polizzi and

George Proctor, a senior exec-

utive director. The £30,000 pay-

ment to the Thatcher Foundation

is the only overtly political contribu-

tion listed in the documents.

The Thatcher Foundation has received contributions from

several prominent right-wing busi-

ness people, including Walter

Annenberg, the millionaire

philanthropist and former US

ambassador in London. Other

likely supporters include Li Kash-

ing, the Hong Kong-based

property developer.

A £250,000 donation came in

1991 from Nippon Telegraph and

Telephone, following Mrs

Thatcher's far Eastern tour.

Additional funding is believed

to come from the former prime

minister's speaking engage-

ments in the US and elsewhere.

Her foundation was estab-

lished in 1990, and is dedi-



GAVYN DAVIES

'More troubling from Tony Blair's point of view is that the word "stakeholder" is something of a term of art which has acquired a specific meaning for certain people on the left, and their interpretation may not be music to Mr Blair's ears'

## Tony Blair puts meat on the stakeholder bones

Until Tony Blair's speech in Singapore last Monday, most people probably thought that a stakeholder economy was one in which everyone had a lottery ticket. Not any more. The Labour leader caused quite a stir with his promise to create an economy "run for the many, not for the few... in which opportunity is available to all, advancement is through merit, and from which no group or class is set apart or excluded."

Mr Blair explained to David Frost yesterday that he intends the term "stakeholder" economy to be an umbrella concept, under which a multitude of more specific policy initiatives will comfortably sit. Not only will it offer a basic litmus test for new policy ideas as they arise, but it is also intended to persuade the electorate that Labour has a "big idea" to set in competition with the more hazy *laissez faire* approach of the Conservatives. Note that the term stakeholder applies to the economy in Mr Blair's lexicon, to emphasise its toughness, while the term "one nation" is applied to the vaguer concept of society.

The Conservatives quickly recognised the danger of allowing the stakeholder concept a free run. But, as has been their recent habit, they were initially in two minds about how best to attack it. Michael Portillo was first out of the blocks, telling the nation that Mr Blair was simply mimicking the Thatcherite creed 16 years too late. Soon after, Michael Heseltine took an entirely dif-

ferent tack, claiming that this idea was Old Labour reincarnated, with powers being restored to the trade unions and other pressure groups. The fact that Mr Blair's speech had contained not one single word about the unions, or any other form of pressure group, was a disadvantage for the Heseltine interpretation, but this has nevertheless become the accepted Tory line. This will probably not worry Mr Blair too much - he is awfully hard to paint convincingly in Old Labour colours. Perhaps more troubling from his point of view is that the word "stakeholder" is something of a term of art which has acquired a specific meaning for certain people on the left, and their interpretation may not be music to Mr Blair's ears.

One interpretation of the term is that championed by Will Hutton of the *Guardian*. He sees in it a new view - at least for the Anglo-Saxon economies - of the structure of the firm. In the US and the UK, the rights of the owners of the firm, the shareholders, are not only seen as sacrosanct, but company directors are required by law to protect them. This gives shareholders a primacy over other groups, such as employees, customers, or indeed the local community from which the firm derives its support services. Flowing from all this, it is claimed by the left, is the short-termism bred by Anglo-Saxon stockmarkets and the takeover culture. It is quite possible to imagine free market economies in which private firms do not

operate in this way. In fact, Germany is one such example - a genuinely free market economy, but paradoxically one which requires directors on supervisory boards to represent all the interest groups that come together in a firm, not just the shareholders. The absence of any significant influence from the outside capital markets is said to have encouraged a long-term approach to investment decisions, employment practices, and customer relations. Many in the Labour Party want to see the next government take legislative action designed to import the German system of corporate governance into the UK.

So far, Gordon Brown has been very cautious about making specific commitments in this area, and yesterday Tony Blair went out of his way to rule out any change in corporate legislation. This caution is amply justified. For one thing, the two industrial economies that are built most conspicuously on the stakeholder concept of corporate control, Germany and Japan, are probably the two countries facing the most severe economic difficulties at the moment. This is mainly because both economies are plagued by overvalued currencies, which have nothing to do with the stakeholder system - but it is difficult to make a convincing political case for copying either of them just now. More important, any attempt by the Labour Party to change the statutory

rights of shareholders, or to sanction the appearance of workers on company boards, would instantly play into the hands of Michael Heseltine, and justify his remarks about restoring power to the unions. Whatever the merits of the case, which are dubious anyway, it is not worth taking this considerable electoral risk - the avoidance of egregious error is probably all that is now needed to ensure a Labour election win.

There may, however, be some aspects of corporate reform which are safe ground for New Labour. It is important to distinguish sharply between measures which would trespass on the ownership rights of shareholders, which would be political death, and measures which encourage the representatives of shareholders, whether company managers or investing institutions, to display more long-term behaviour. Mr Blair may have had this latter category in mind when he said that companies should no longer be bought and sold like commodities - a reference to Labour's plans to introduce a "public interest" criterion into the takeover code. Restricting hostile takeovers, and encouraging long-term shareholding through the tax system, are likely to be politically acceptable ways to encourage a stakeholder mentality in industry.

This leaves us with a further problematic interpretation of the stakeholder concept - that related to the welfare state. No sooner had Mr Blair sat down in the Far East than

maverick Labour MP Frank Field was claiming the speech heralded a root and branch reform of pensions and benefits. It is certainly true that the present welfare system does not protect workers from summary restriction of pension and unemployment insurance "rights" which they believed the state had bestowed. While it is unthinkable in a free society for the state to rescind individual property rights - indeed they are so deeply-rooted that they have often re-emerged in eastern Europe after 50 years of communism - the same is not true of the communal pension and benefit rights bestowed under a democratic welfare state.

One way of remedying this problem is to require individuals to build up their own "provident accounts" on the Singapore model of forced savings. These can be used for unemployment insurance, education, pensions and even housing. Since they are individually assigned accounts, and fully funded by supporting investments, they cannot be lightly cancelled by the state, and would certainly be compatible with a stakeholder economy. But would a generation which is already heavily taxed to pay for the unfunded pensions of its parents now vote for a second dose of forced savings to pay for their own pensions as well? It seems rather doubtful, to put it mildly. This may be another area where New Labour needs to proceed cautiously as it puts meat on the bones of the stakeholder idea.

hopes on the expanding service sector. But, as in Britain, services will not be able to soak up all the surplus labour.

For a country whose wealth has been built on industrial harmony, that could be devastating. For Germany's economists, who thought they knew everything that was to be known, there is another new word to be learnt, a g-word: globalisation.

Imre Karacs

## Why the Germans are learning the g-word

### VIEW FROM BONN

German economists are spending a lot of time these days trying to define the word "recession". In the Anglo-Saxon world, you need two successive quarters of negative growth to qualify for this dubious honour.

In Frankfurt, one quarter is usually enough, while the politicians in Bonn try to maintain that the concept barely has a German translation. Boom-and-bust economics is something that the British and Americans have. The last recession here was in 1993, and the next dip in the cycle was said to be at least another three years away.

The government is there-

Patriotism out of fashion as capital hedges its bets

tore finding it very hard to explain what is happening now. In the last quarter of 1995, the economy at best stood still, or, according to the leading institutes, contracted by between 0.3 and 0.7 per cent.

The present quarter is forecast to be no better. Come April even the government might have to enrich its vocabulary with the "r-word".

In the meantime, the voters are being blinded with science. We are the technocrats explain, in the middle of an M-shaped curve. Output will start soaring again in the second-half of the year, powerfully enough to pro-

duce an annual growth rate of 2 per cent. Unfortunately, Germans are aware that Bonn has vastly overestimated last year's figure, and are now more inclined to believe gloomy predictions of a measly 1 per cent growth rate in 1996.

While this numbers game leaves the average person confused, the unemployment statistics need little deciphering. The headline figure rose by over 200,000 last month to 3.8 million.

As the downturn devours thousands more jobs, the Richter represented by the four million-mark will be crossed next month, perhaps sooner. The jobless rate will then go into double figures for the first time since the post-war "economic miracle". It will require another miracle to bring it down again to levels to which Germans are accustomed.

The trauma of mass unemployment is already keenly felt. The despondency experienced by easterners since reunification is beginning to grip the west, as leading opposition politicians raise the spectre of the "British disease" starting to infect Europe's last truly industrial society.

"Where have we gone wrong?" Germans ask in the bemused manner of all those other Europeans who been posing the question for decades. The label "Made in Germany" still sells well, boost-

ing exports even in the disastrous last quarter. But like Japan Inc., which has had to subcontract some of its work to cheaper lands afar, the big concerns in Germany are also discovering greener pastures abroad - often, as in the case of Siemens, on the other side of the English Channel.

The arguments in favour of relocation are familiar enough: the native worker is too expensive, his or her work pattern too inflexible, the taxes on employment are the highest in the developed world, and regulations concerning all aspects of production are stifling.

Conservative politicians tend to distil all these factors into one single item: wages. The German worker, however thorough and efficient he might be, is simply too expensive. This argument has won many adherents in these times of uncertainty, even in the engineering union IG Metall.

For the first time since the War it is prepared to bargain away future pay rises in return for new jobs. But this line of reasoning has one deep flaw: the great names of industry are not migrating to the likes of the Czech Republic or Taiwan where skilled workers can be picked up for a pittance. Instead, they are building plants mainly in the US and Britain - countries where the cost of labour is admittedly lower than at home, but not low

enough to justify the move on its own.

The real reason lies elsewhere, and its consequences are far more terrifying for the Germans. Since the War, a large part of German industry has operated in a cosy cartel, with a pattern of cross-ownership

and large share stakes held by the big banks and the state which would have made a central planner proud. Short-term profits were routinely shunned in favour of long-term gains - to the benefit of the whole country and its enviable social market economy.

Now the priorities seem to be shifting. Proximity to markets in an ever-shrinking world has become a new goal, escape from the stranglehold of the upwardly mobile German mark another. Patriotism has gone out of fashion as capital tries to hedge its bets.

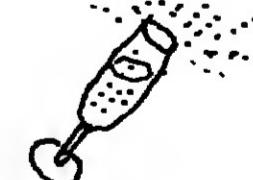
This trend is accelerating. While industry has lost, according to government estimates, 700,000 jobs since 1983, this year alone some 200,000 jobs are expected to abandon the country. As in Britain in the 1980s, the government in Bonn pins its

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# business

## New general takes the field in trolley wars

Dino Adriano, the rising star at Sainsbury's, is sitting, with a cigar in one hand, in his bare, smoke-filled lair on the executive floor at Sainsbury's executive head-office building near Blackfriars Bridge in London.

He looks pretty relaxed for someone who has only just been catapulted into one of the most important jobs in British retailing.

As a result of last week's board room re-shuffle, the 52-year-old former accountant has been promoted to deputy chief executive of Sainsbury's UK supermarket business. Next year he will move up to the chief executive slot, following the retirement of Tom Viner, and run the whole show.

Then it will be Mr Adriano, rather than David Sainsbury, who will do battle with Archie

**'He's Mr Homebase, but how much does he know about supermarkets?'**

Norman at Asda and Terry Leacy at Tesco in the sharp-elbowed trolley war that is UK grocery retailing.

The heavily-built self-confessed foodie, who is of Italian descent but was born in London, claims he is ready.

He comes to the job at a difficult time. The past year has seen Sainsbury's out-maneuvered by rivals and losing market share.

But he says, "I'm very excited about it. It will be a challenge - but I think I'm ready for it. We have a good team here and there is a determination to make things work."

Some critics say that Sainsbury's has lost its way, held back by an old-fashioned, conservative culture over which the founding family still looms large.

Mr Adriano concedes that Sainsbury's has made mistakes. "Our performance over the last year suggests that we are not delivering on some of the key points. We have had some supply difficulties. But it is on the execution and communication of our strategies that we have really fallen down and

Dino Adriano became deputy chief executive of Sainsbury's UK supermarket business in a board room re-shuffle last week. As he prepared for the new job, he took time to talk to Nigel Cope



David Sainsbury, left, will step back from the front-line of the grocery retailing battle when Dino Adriano, right, takes over as chief executive of the UK supermarkets business



that's where we need to come back strongly. I think we have already started to do that."

His view is that Sainsbury's needs to concentrate on the fundamentals on which it has built its reputation: quality products, at decent prices, in clean, well-presented stores. It's hardly a ground-breaking strategy but the trick is in the execution, he argues.

He denies that Sainsbury's conservative culture is a worry. "I don't think the fact that it's a family company makes any difference," he says.

"As a business we have always been careful before we

launch significant campaigns. But we are tremendous executives and we need to be fleet of foot as well." He admits: "You could say that in the area of communication some of our rivals have scored some points on us."

Mr Adriano sees nothing necessarily wrong with management by committee. "Obviously if they become fossilised that's a mistake. They need to be dynamic. If I find the need to change things, I will."

He describes himself as a strong-willed general manager who dislikes prevarication. But he prefers to take a team with

him rather than rule with a rod of iron. He is the kind of manager most analysts feel Sainsbury's needs.

If there is a criticism, it is his lack of supermarket experience. He spent most of his early Sainsbury's years in various accounting functions.

Most recently he has been chairman of the Homebase DIY chain where he has been overseeing the integration of Texas Homecare. Until moving

into the new job, his only previous spell in supermarkets was the three years between 1986 and 1989 when he was one of the area directors.

As one analyst said: "He is known as Mr Homebase and he's done very well there. But how much does he know about supermarkets?"

Sainsbury's points out that Mr Adriano is also chairman of Shaw's, the group's US supermarket business, and is on the board of Giant, the Washington group in which Sainsbury's has a stake.

However, it has recognised the weakness, which is why there will be a near two-year handover by Tom Viner as he approaches retirement. Mr Adriano will not succeed to the supermarkets throne until the end of 1997.

His priority is to get round the stores - to re-familiarise himself with the nuts and bolts of supermarkets - and prepare himself for taking charge.

It will be new to me. I love food and have worked in a supermarket. I'm looking forward to it."

It has been a slow but steady rise. He was born in West London, the son of a musician who played the accordion and who later became a kind of impresario, booking artists to play in Italian restaurants. "It was a large family and very musical. Music is a big part of my life."

He didn't enjoy it - "too stuffy" - and ended up writing a speculative letter to Sainsbury's asking for a job. "They didn't have an accountancy training scheme so those days was that's really what it was."

Married to Sue, a teacher, and with two daughters - one of whom works at Sainsbury's as a buyer - Mr Adriano obviously enjoys his hobbies. He loves his food and also enjoys opera.

His other great love is football. He is a season ticket holder at Arsenal and has been going to Highbury for 40 years. He has also maintained a long association with Oxford where he is a trustee.

Of course, in his new, elevated role, he may have slightly less time for those outside interests - except, perhaps, the food.

Nigel Cope

He left with O levels, though

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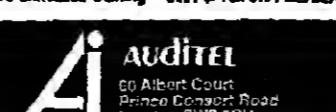
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## news

# Young talent acts as magnet for art world

**John McKie** previews the opening of London's biggest contemporary show

International art experts are expected to converge *en masse* on London this week to see what Britain's brightest talents have to offer at Art 96, the country's biggest contemporary art fair in the city regarded as the most exciting contemporary centre in the world.

For the eighth year of the show, 83 galleries are displaying 100,000 works from today's stars including the Turner Prize winner Damien Hirst, and their successors. Opening on Wednesday at the Business Design Centre, in north London, they expect around 30,000 visitors, and have prices from as little as £30 up to more than £100,000.

Lucy Sicks, director of the fair, said: "The London contemporary art scene is internationally renowned as being the most exciting centre for art. There are things here that no one else in the world has."

"I think it is going to be the best yet, because the overall quality of the work is the strongest it's been. It's a brilliant opportunity for the public to come along and see everything from Hirst to works worth £30."

"Some of the other fairs are much older and the people who go are established collectors who spend enormous amounts. With this fair it's easier for people to collect."

Although the Hirsts displayed may be works on canvas instead

of his controversial tanks of sheep or cows, there is some more outlandish work on display such as Jann Hayworth's *Snake Lady* (a sculpture of a woman made from snakeskin materials) and the first public showing from Gibby Bean, dubbed "the Vivienne Westwood of the art scene".

Among the 83 galleries showing are White Cube, run by Jay Jopling, who represents Hirst and the Turner Prize runner-up Mona Hatoum, and Flowers East, which is displaying work from Nicola Hicks, Lucy Jones and the Gulf war artist Peter Howson. Photography and print galleries are also taking part.

Art 96 aims to nurture new talent to succeed the likes of Hirst, Hatoum and the 1993 Turner Prize winner, Rachel Whiteread. Richard McDowell, a 27-year-old student from Wimbledon School of Art, in south-west London, has won a competition to construct a giant white fabric sculpture - the size of a full-scale building - on the green outside the centre.

The winner of the new Wingate award of £4,000 to help young artists in their studies will be announced on Wednesday and there will also be a £1,000 prize and an exhibition at Habitat's store on the King's Road, in Chelsea, west London, for the best artists on an MA painting course.



For those who cannot get to the fair, a new computer archive service could give them the chance to stay closely in touch with the art dealers.

Banca dell'Arte, pioneered in Italy and France, is being

brought to Britain for the first time.

Banca dell'Arte, whose site at Art 96 is sponsored by the *Independent*, promises to be the quickest way yet of viewing works of art and expects to have 500 dealers linked up to its system by the end of the year. The system allows art to be seen, bought and sold on any personal computer with a modem and only takes 15 seconds to access - faster than the Internet.

"It's exactly the same time it takes to make a phone call or send a fax," Tim Badgett, director of Banca dell'Arte, said.

"The images are then delivered in 15 seconds. Instead of the dealer or buyer having to fly to London, New York or Paris, or waiting to be sent photographs, here they can go online and view the gallery's stock."

The fair is having a gala opening tomorrow, when Paloma Picasso is flying over to be the guest of honour at an Aids benefit preview at the Business Design Centre. As well as the artists' being present, there will also be video messages in support of the Aids cause from celebrities including Ringo Starr, Al McGraw, Sir George Solti and Topol, star of the musical *Fiddler on the Roof*.

Art 96 is at the Business Design Centre, Islington, London N1, Wednesday 17 January to Sunday 21 January.



Beautiful Edie (displayed above left and being crated at Flowers East, above), a straw and plaster sculpture by Nicola Hicks. Photographs: Steven White / Tony Buckingham

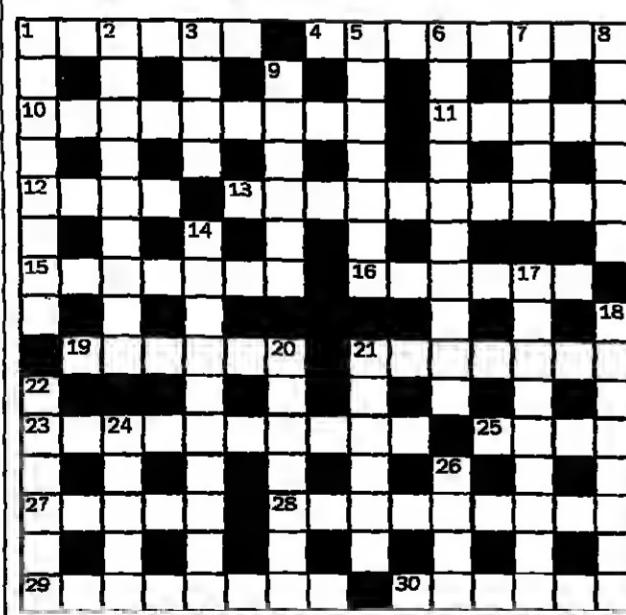


River Walk, an oil painting by Lucy Jones, being shown by the Flowers East Gallery

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- ACROSS
- Sociable tradesman? (6)
  - He deserts American after Greek character returns (8)
  - Nonsense - it's still produced illegally? (9)
  - Raised objection about one pupil (5)
  - Cut length out to make belt (4)
  - I can perhaps claim to be going out of loyalty (10)
  - Elected by fraternity according to the rules (2,5)
  - Pluck a species of grass (6)
  - Sounds like Shakespeare's spirit is unearthly (6)
  - Weight of compass is surprising (7)
  - Together with worker is receiving attention (4,2,4)
  - Pastry layer not quite round (4)
  - Sketch comes from duke's large collection (5)

- 28 Relatives are exceptionally resourceful (9)  
29 Colour match three-quarters are divided about (3,5)  
30 Cash substitute (6)

- DOWN
- Outfit for spring? (8)
  - Serotonin is converted into this hard substance (9)
  - One is relaxed at it (4)
  - Host is kind of tense (7)
  - Advance payment is fixed by record company of sorts (10)
  - Foreigner a Welsh girl is attached to (5)
  - Access course? (6)
  - Unfortunate that equality is without support (6)
  - A number tend to run things (10)
  - State requirement (9)
  - Lines written about individual Italian painter (8)
  - French male's right to occupy own port (2,5)
  - He watches nurse go by (6)
  - Hear of ways to reach Aegean island (6)
  - Lake in Kenya safe to cross (5)
  - Academic honour for composer (4)

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